

Singapore

Looking to the future

With the recent signing of the UK-Singapore Digital Economy Agreement, this regional powerhouse is attracting innovative new industries, while leveraging its longstanding reputation as a trusted global business destination.

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02 BILATERAL RELATIONS
Singapore and the UK sign Digital Economy Agreement

04 FINTECH
A global hub for cutting-edge finance solutions

07 MEDICAL INNOVATION
Singapore's booming biotech sector

08 SUSTAINABLE TOURISM
The Garden City goes green



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Building on historic ties

In the wake of the UK's departure from the European Union, efforts to reorient its international trade have led to a series of bilateral agreements with Singapore.

In December 2020, then-International Trade Secretary Liz Truss flew to Singapore to sign a free trade agreement (FTA) between the two nations, a pact she hailed as signifying Britain's re-emergence as "a major force in global trade." Amidst the UK's post-Brexit ambitions to reposition itself as "Global Britain," Singapore was a natural choice of early partners with whom to seek a continuity trade agreement, given the deep historical, institutional and cultural ties between the two countries. Moreover, the move was a pragmatic one for both sides: Singapore is Britain's largest trade and investment partner in Southeast Asia, and Britain is one of Singapore's top European investment destinations. According to UK government statistics, the value of trade between the countries stood at GBP£17.2Bn in 2022.

Since the signing of the FTA, relations between the two nations have only grown stronger. A joint statement issued in March 2021 affirmed their shared commitment "to expand our cooperation for the benefit of our mutual prosperity and security," setting out pledges to work together on areas including the economy and trade, climate and sustainability, technology, security and more. The statement also made a point to emphasise the "extensive people-to-people links between our two countries," underscoring that UK-Singapore ties go far beyond just trade and investment.

Nonetheless, the realpolitik underpinning the joint statement was evident in the priority given to mention of the UK's application to join the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPT-

Singapore is Britain's largest trade and investment partner in Southeast Asia



Aerial view of Singapore. Photo: shutterstock



The UK-Singapore Digital Economy Agreement "reflects strong trust between two like-minded and digitally progressive nations"

S. Iswaran
Minister-in-charge of Trade Relations

PP). Made up of 11 nations, CPT-PP is one of the world's largest free-trade areas, membership of which is sought by the UK government in order to open up new export markets and expand its international trade. Singapore's status as an economic heavyweight in the region made its statement of support for Britain's accession carry outsize importance.

In February 2022, the signing of the landmark Digital Economy Agreement (DEA) marked a further milestone in UK-Singapore relations. Described by British negotiators as "the world's most innovative trade agreement," the pact covers digitised trade in goods and services between the countries, while establishing rules around cross-border data flows

and protection, digital identities and more. The deal was the first of its type signed by Britain, and the first between an Asian and European nation. In his remarks at the signing ceremony, Singapore's Minister-in-charge of Trade Relations S. Iswaran said, "The expeditious conclusion of this cutting-edge agreement reflects strong trust between two like-minded and digitally progressive nations."

The real-world impacts of the DEA are already becoming apparent. In September 2022, Singapore hosted delegates from 24 British businesses, representing cutting-edge sectors including lawtech, cybersecurity and driverless cars, with the visiting companies citing the DEA as supporting their expansion plans in the Asia Pacific region. "Singapore is a gateway to the rest of Southeast Asia, which has a digital economy projected to reach \$1 trillion by 2030," said Natalie Black, Britain's Trade Commissioner for Asia Pacific. "Our UK-Singapore Digital Economy Agreement will make the most of this opportunity."

"Singapore is a gateway to the rest of Southeast Asia, which has a digital economy projected to reach \$1 trillion by 2030"

Natalie Black
UK Trade Commissioner for Asia Pacific

5.6m

Estimated population of Singapore, compared to 67.3m in the UK. Singapore ranks third in global population density, with the UK 50th

£17.2Bn

Total value of trade in goods and services between the UK and Singapore in the four quarters ending Q1 2022



Marina Bay. Photo: shutterstock

Firing on all cylinders

Singapore's efforts to diversify its economy in recent years have further enhanced the nation's appeal as a destination for business.

Singapore's reputation as a safe, stable and supportive place to do business remains unchallenged. Recently ranked first in the world for political and operational stability in Cornell University's Global Innovation Index, and third in IMD's World Competitiveness Report, the government's pro-business policies continue to attract companies of all stripes: 80 of the world's top 100 tech firms have a presence in Singapore, while the Republic is home to 55,000 start-ups. Those figures demonstrate the diversified nature of the city-state's economy. "Singapore is not just a hub for financial services," says Jacqueline Poh, MD, Singapore Economic Development Board (EDB). "Manufacturing accounted for about 22% of Singapore's GDP in 2021, and we have become a hotspot for advanced manufacturing." EDB figures reveal that more than 50% of 2021 fixed asset investment was driven by semiconductor and biotech firms. Many factors play into Singapore's attraction to business. Sustained investment in research, innova-

tion and enterprise are a cornerstone of Prime Minister Lee Hsien Loong's economic strategy, and the RIE2025 plan commits to spending c.1% of GDP (\$25Bn) over the period 2021-25. Meanwhile, the \$20m Corporate Venture Launchpad scheme enables companies to partner with EDB-appointed venture studios to launch new ventures in Singapore within six months. Singapore is also a gateway to the Southeast Asian market that is on track to become the world's fourth largest by 2030, and all of this is underpinned by policies designed to attract and retain a world-class talent pool. In 2021, Prime Minister Lee launched the Singapore Green Plan 2030, outlining five pillars for the nation's sustainable development. Covering measures from investments in renewable energy to expansion of green spaces, the plan sets forward policies that "harnesses sustainability as a competitive advantage" – placing technology, innovation and the green economy at the heart of the nation's future.

80 of the world's top 100 tech firms have a presence in Singapore

Q&A

Jaqueline Poh
Managing Director, EDB

The Singapore Economic Development Board (EDB) is tasked with creating sustainable economic growth in Singapore. The government agency facilitates investment and growth for domestic and international firms, and has worked closely with global companies, including British businesses and talent, who are leveraging Singapore's role as Southeast Asia's leading business hub.



BIO

Education

Holds degrees from both the University of Oxford (PPE) and the University of Cambridge (MPhil)

Values

Advocates for developing female leaders and improving the lives of Singaporeans through tech and innovation

Successes

Member of multiple boards, including: the Infocomm Media Development Authority; Defence Science and Technology Agency

What advantages and opportunities does modern Singapore present to businesses?

Singapore is known to be business-friendly, with regulatory certainty. Our status as a stable, predictable, neutral location for businesses, talent and investment has been enhanced during this time of political and economic uncertainty. Singapore ranked as the world's third-most competitive economy in the IMD World Competitiveness Ranking report for 2022, and ranks among the top countries for ease of doing business and strength of global connectivity. Singapore is not just a hub for financial services, professional services, shipping and tourism. Manufacturing accounted for about 22% of Singapore's GDP in 2021, up from 18% in 2015. We have become a hotspot for advanced manufacturing, with more industrial firms using digital technology to power production facilities and improve their sustainability, research and development and supply chain management. In 2021, we secured 7.3 billion pounds of fixed asset investments, most of which were from the electronics, semiconductors and biomedical manufacturing sectors, as well as the digital economy. Businesses come to Singapore to leverage our vibrant and creative innovation ecosystem. Singapore has the world's best digital environment and support system for entrepreneurs, according to the Global Index of Digital Entrepreneurship Systems released by the Asian Development Bank.

What makes Singapore competitive in the global market?

Singapore is a great entry point to Asia, particularly the Southeast Asian production base and market. Southeast Asia is a region of 650 million people and is on track to becoming the world's fourth-largest economy by 2030. We have built a vibrant innovation ecosystem with a world-class talent pool that can deliver cutting-edge solutions. We are investing 15.4 billion pounds (\$25 billion) in a Research, Innovation and Enterprise plan

that will include translation, commercialisation and innovation strategies.

How can Singapore's relationship with the UK help Britain meet its goals of becoming a more global country post-Brexit?

As twin business hubs, Singapore and the UK complement each other well. The UK-Singapore Digital Economy Agreement (UKSDEA) which came into force earlier this year brings tangible benefits to businesses around electronic documents and invoices. The UKSDEA's design allows trusted data flows, especially for financial services. It also provides a secure digital environment to be established between Singapore and the UK. We also hope to expand the scope of bilateral agreements around the green economy and sustainability in the future.

"As a global city, Singapore wants to attract and retain a diverse, world-class talent pool"

How can the EDB help UK companies expand their businesses?

UK companies can approach the EDB's London office for help setting up their businesses in Singapore. Starting a business in Singapore is an interesting proposition since it has low tax rates for individuals and companies as well as zero capital gains tax. As a global city, Singapore wants to attract and retain a diverse, world-class talent pool.

What role does the EDB play in maintaining Singapore's sustainability?

Singapore takes its climate action goals seriously and has raised the bar for its ambitions related to climate change, with a net-zero ambition by 2050. We also ensure that Singapore's efforts are in line with global efforts on sustainable development. The Singapore Green Plan is a blueprint created two years ago that cuts across government agencies, as well as people and the private sector, and explains how we are intending to meet our net-zero targets.