

Committee on the Future Economy report

New chapter of the Singapore story

PRIME MINISTER LEE HSIEN LOONG, in a letter to the co-chairmen of the Committee on the Future Economy, Minister for Finance Heng Swee Keat and Minister for Trade and Industry (Industry) S. Iswaran: Thank you for your letter dated 7 February 2017, submitting the recommendations of the Committee on the Future Economy (CFE).

The world is going through a period of great uncertainty. Significant structural shifts are taking place in many countries. Industries and jobs are changing rapidly. Amidst the disruption, there will also be opportunities. We cannot be sure which industries will perish and which will flourish. What is certain is that Singapore must stay open to trade, people and ideas, and build deep capabilities so that our people and companies can seize the opportunities in the world.

The CFE has proposed a comprehensive set of recommendations to guide our economic strategy for the next five to 10 years. The Government accepts the strategies proposed and will pursue all of them. Ministers will provide a full response during the 2017 Budget Speech and Committee of Supply debates.

Developing the strategies is the first step. The strategies are our guide but what counts is how well we implement them to transform our economy. This will require difficult trade-offs as our resources are limited and we have to take calculated bets. We will take a hard-headed, pragmatic approach. When results are promising, we will vigorously pursue them. When a scheme does not look like it is going anywhere, we must have the courage to cut losses. That is how we progressed for the past 50 years and the only way to continue progressing in future.

On behalf of the Government, I wish to thank the members of the committee, the sub-committees and the working groups for all the hard work. This report epitomises how in Singapore, Government, businesses and workers tackle challenges and seize opportunities together. Its publication marks the beginning of another chapter of the Singapore story. Now the hard work begins, and every Singaporean has a role. Let us work together as one united people, to achieve success and prosperity for ourselves and our families.

From left: Mr Bill Chang, co-chairman, sub-committee on future jobs and skills; Mr Ong Ye Kung, co-chairman, sub-committee on future jobs and skills; Mr Chan Chun Sing, deputy chairman, Committee on the Future Economy; Mr S. Iswaran, co-chairman, Committee on the Future Economy; Mr Heng Swee Keat, co-chairman, Committee on the Future Economy; Mr Teo Siang Seng, co-chairman, sub-committee on future corporate capabilities and innovation; Ms Mariam Jaafar, co-chairman, sub-committee on future connectivity; Mr Lawrence Wong, co-chairman, sub-committee on future city; and Mr Tan Chong Meng, co-chairman, sub-committee on future city. ST PHOTO: KEVIN LIM

COMMITTEE ON THE FUTURE ECONOMY REPORT LAUNCH



Ability to execute proposed growth strategies is key: Iswaran

For vision to be realised, Govt and individual enterprises must shift mindsets, says minister

Royston Sim
Assistant Political Editor

ACHIEVING OUTCOMES

It is not just about the novelty of the ideas we come up with, but our ability to execute and achieve the outcomes we set out to achieve. And that is really going to be a key part of the work as we go forward.



TRADE AND INDUSTRY (INDUSTRY) MINISTER S. ISWARAN

STAYING NIMBLE

(The CFE's strategies thus revolve around developing "the agility and adaptability to cope with change and to seize new opportunities. This will prepare our businesses to create and seize opportunities from open and connected Singapore, create new ways for us to work together to transform and overcome challenges, and keep us relevant.



FINANCE MINISTER HENG SWEE KEAT

While strategies to grow Singapore's economy have been set out, the key lies in executing those plans, said Trade and Industry (Industry) Minister S. Iswaran.

The high-powered committee, which Mr Iswaran co-chairs, yesterday unveiled seven strategies to drive economic growth in the next five to 10 years, from keeping the Republic open and connected to the world, to ensuring that workers acquire deeper skills.

Speaking at a media conference yesterday, Mr Iswaran said: "It is not just about the novelty of the ideas we come up with, but our ability to execute and achieve the outcomes we set out to achieve. And that is really going to be a key part of the work as we go forward."

He emphasised the need for the Government to collaborate with key partners, including trade associations, unions, businesses, workers and research institutions.

The ability to work together has been the "defining feature" of how Singapore has differentiated itself thus far, he added.

Finance Minister Heng Swee Keat, the other co-chairman, said the CFE aims to set out the direction and broad strategy for Singapore's future, rather than produce a detailed road map. This is because it is much harder to predict with certainty which sectors will do well, he said, given the complex and rapidly changing global environment.

The CFE's strategies thus revolve around developing "the agility and adaptability to cope with change and to seize new opportunities", Mr Heng said.

"This will prepare our businesses to create and seize opportunities from open and connected Singapore, create new ways for us to work together to transform and overcome challenges, and keep us relevant," he added.

But for the committee's vision to be realised, both the Government and individual enterprises have to shift mindsets and be willing to bear more risk, Mr Iswaran said.

"We are going to have to be bold enough to try out new ideas. Some will succeed, some may not, in which case we will have to course-correct and be prepared to reallocate the resources to areas that work," he said.

The committee projects that its strategies will help Singapore's economy grow by 2 per cent to 3 per cent a year on average, which it said exceeds the performance of most advanced economies.

Asked why the expected gross domestic product growth is lower than the 3 per cent to 5 per cent target set in the 2010 Economic Strategies Committee report, Mr Heng said the global environment today is very different.

Growth has slowed throughout the world, he said, adding that the lower growth numbers also reflect slower workforce growth due to an ageing population.

Mr Iswaran said 2 per cent to 3 per cent growth is not unlike what other economies in a similar stage of development achieve.

"What we need to also look at is what it translates into in terms of career opportunities and wage pro-

gression possibilities for Singaporeans," he said.

"That is where our initiatives in terms of productivity and going more regional and therefore creating new and different kinds of jobs are going to be very relevant."

Minister for Education (Higher Education and Skills) Ong Ye Kung, who also sits on the committee, noted that Asia is the region set to see the highest growth.

The SkillsFuture programme will help workers develop the capabilities needed to work abroad, he said.

Mr Heng noted that the CFE's recommendations are ultimately meant to prepare Singapore's people and businesses to navigate an uncharted path.

While doing so will not be easy, he said: "To be able to stay open and connected, and develop the deep capabilities both at an individual as well as corporate level, will help us ensure that we build good opportunities here."

The committee was also asked about how the Government balances the need for regulation and being open to technological disruption.

New laws were passed in Parliament earlier this week to regulate private-hire operators and make short-term home rentals illegal.

National Development Minister and CFE member Lawrence Wong said being open to disruption and change does not equate to less regulation.

He said: "It is not about less but smarter, more effective regulation — regulations that are pro-business but at the same time balance the very legitimate needs of different stakeholders, including Singaporeans."

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CFE distinct from earlier committees

The Committee on the Future Economy (CFE) is the fourth economic review committee in 30 years, and was convened in January last year to come up with strategies for Singapore's economic growth over the next 10 years.

Unlike earlier committees, it was not formed in response to an economic recession.

As Finance Minister Heng Swee Keat, who co-chairs the committee with Trade and Industry (Industry) Minister S. Iswaran, put it yesterday: "CFE was not started because there were some major events..."

"It is our effort to position ourselves for the medium term to always look ahead of the changes that are happening and see what we can do and what we can do differently in order to adjust to those changes."

The work of the CFE, coming at a time when Singapore's economy is growing between 1 per cent and 2 per cent, sets out "the direction and the broad strategy rather than a detailed road map", Mr Heng said.

The 30-member committee held more than 80 focus group sessions, panel discussions, seminars and conferences.

It reached out to more than 9,000 stakeholders, including trade associations and chambers of commerce, public agencies, unions, companies, executives, workers, academics, educators and students.

After more than a year of discussions and deliberations, it produced a 109-page report that laid out a vision of what Singapore can be if the Government, businesses and workers team up to face challenges and seize opportunities.

Tham Yuen-Ch

News analysis

No magic bullet, but powerful weapons nonetheless

Seven sensible strategies play on Singapore's strengths, with collaboration a key factor



Lee Su Shyan

Business Editor

That there was no striking, big idea or bold buzzwords on how to remake the economy when the Committee on the Future Economy (CFE) unveiled its report yesterday may leave some underwhelmed.

For those in this camp, the culmination of a year's work by the CFE should manifest itself in a silver bullet, or a string of them, to cope with the disruption caused by

a volatile economy and technological change.

The one word that captured the imagination back in the Economic Strategies Committee report in 2010 was "productivity". Yet, many would now argue that productivity is but just one of the many ingredients for success. Earlier reviews had thrown up strategies like the "go regional" push, or called for major policy changes, such as refining the Central Provident Fund system to boost competitiveness and spur growth.

Instead, the report spelt out seven sensible, if hardly surprising, strategies which play on Singapore's strengths and seek to up its game in these areas.

Indeed, in an age of disruption, it was prudent of the CFE not to be swayed by the darker mood of nativist politics and protectionist

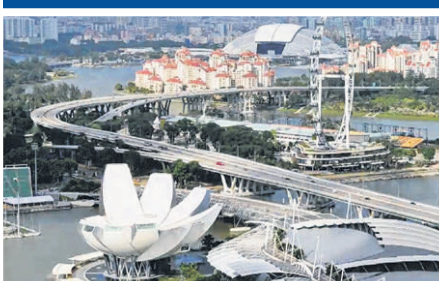


The CFE's seven strategies are not just broad-brush ones, but are backed by projects already in the works. What stands out is that the report calls attention to Singapore's support for free and open markets. ST PHOTO: DESMOND WEE

economics elsewhere in the world into deviating from what Singapore is good at.

For those hoping for the mother of all solutions to be revealed yesterday, realistically, it is difficult to move the needle on the economic front for a developed economy like Singapore's. The likes of a "Big Bang", for instance, when London's financial markets were deregulated on a single day in 1986, transforming the financial

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During a media conference yesterday, members of the Committee on the Future Economy gave their take on the key ideas in the report and the trends they seek to address.

RAPID PACE OF CHANGE

Five years ago, trying to think about a regulation for Uber was not relevant. Suddenly, five years later, having something for Uber, you are already behind the curve... The port industry is similar. Strategies five years ago are simply redundant. Compared to today, we must be prepared to question whether we are capable.

That, I think, is the gist of this report, looking at how we do things, being open, connected. Capability might be a simple word, but it is hard to achieve and many things need to be done to move up together. Are we willing, are our people ready, and can we do it fast enough?



MRTAN CHONG MENG, group CEO, PSA International, co-chairman of sub-committee on the future city.

SINGAPORE'S STRENGTHS

We are always known for moving fast, seizing opportunities. The sheer determination of our leaders and our people and enterprises (in our early years), and the ability to seize opportunity and move rapidly, made us distinct.

The other key is individuals who, in an increasingly volatile, uncertain, complex and ambiguous world, have to also demonstrate agility in understanding and learning new skills. Using that, creating value, relearning, readapting to the environment.



MR BILL CHANG, CEO group enterprise, Singtel, co-chairman of sub-committee on future jobs and skills.

DIGITAL FUTURE

The whole idea of the digital economy is transforming everything... In data, for example, we are not just talking e-commerce any more, but pushing the envelope to thinking about how do you use data to collect very personalised information that is relevant in real time, pushing the envelope on that.

A second theme that we hear a lot from clients we work with, and especially in this committee, is the need for agility to invest in human capital.



MS MARIAM JAAFAR, partner and managing director (Singapore), The Boston Consulting Group, co-chairman of sub-committee on future connectivity.

FIVE WEDDINGS AND A FUNERAL

In the shipping industry, last year, we went through what we call five weddings and one funeral. Five weddings: The two Chinese lines merged together, our national line was sold to a French company, we have our Middle East line sold to Germans, three Japanese lines merged together and the German line Hamburg Sued was sold to Maersk. And the funeral was Hanjin.

We have never seen such a bad market but yet, I would say today, most shipping lines should be profitable because of all these changes. The risks are now back to a more normal level, we also see that PSA had a good throughput for December... In times like this, we mustn't lose focus, we must be confident.



MR TEO SIANG SENG, chairman, Singapore Business Federation and managing director, Pacific International Lines, co-chairman of sub-committee on future corporate capabilities and innovation.

seaport at Tuas, for instance. Then there are the wide-ranging Industry Transformation Maps which aim to transform various sectors.

However, the report gave little emphasis on strengthening a sector that was once a darling — tourism, noted accounting firm KPMG.

Going by current trends, it could have been tempting to give a nod towards anti-globalisation sentiment. What stands out is that the report, in its first of seven strategies no less, calls attention to Singapore's support for free and open markets. The strategy says that the call of protectionism should be robustly resisted, adding that Singapore should strive to work with like-minded partners to advance the liberalisation of trade and investments.

The report makes clear that Singapore's success lies not with that one magic bullet, but is about leveraging strengths.

NOT JUST THE PLAN, BUT THE RESPONSE AND EXECUTION

During yesterday's press conference, Minister in the Prime Minister's Office Chan Chun Sing referred to the importance of executing plans well, but spoke of how, in an uncertain world, it was also important to build capabilities to ensure a better response.

There is a realisation that the current environment of uncertainty means that a strategy of picking winners consistently has about as good a chance as winning Toto. In that vein, it makes sense to give workers the deep skills and comprises the support that allows them to adapt quickly and easily to different circumstances.

Key to the success of these strategies will be the notion of collaboration — a theme Mr Heng has articulated on many occasions. The strength of a small country working together and being nimble should not be underestimated. If trade associations and chambers, unions, companies and individuals can come together, in an environment of trust created by the Government, as Mr Heng believes they can, Singapore will be much more than the sum of its parts.

The committee's job is done. For Singaporeans, the work is only beginning.

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