

**SPEECH BY MINISTER S ISWARAN, MINISTER FOR TRADE AND INDUSTRY
(INDUSTRY) AT THE GERMANY-SINGAPORE BUSINESS FORUM 2016,
29 AUGUST 2016, INTERCONTINENTAL HOTEL SINGAPORE AT 9.20AM**

Dr Steffen Koch, Deputy Head of Mission, Embassy of the Federal Republic of Germany in Singapore,

Professor Axel Stepken, Chairman of the Board of Management, TÜV SÜD AG,

Mr. Philip Yeo, Chairman, SPRING Singapore,

Distinguished Guests,

Ladies and Gentlemen,

Good morning.

Opening remarks

1. I am pleased to join you today at the Germany-Singapore Business Forum 2016. The theme of today's forum – "Partnerships to capture opportunities in ASEAN" – is consistent with the emergence of ASEAN as a major economic force in Asia, and the recent establishment of the ASEAN Economic Community, which will provide greater growth opportunities in the region. At the same time, rapid technological advancements are disrupting existing industry structures and business models, even as they create new opportunities.

Market opportunities in Asia and ASEAN

2. The global economic landscape is fast evolving. The current economic climate is marked by tepid growth and uncertainty. Since the start of this year, the IMF, World Bank, and OECD have all cut their global growth forecasts. Sluggish global growth has been exacerbated by uncertainty, particularly in Europe, arising from the 'Brexit' vote.

3. In this climate, Asia remains the most dynamic part of the global economy. The IMF has forecasted regional economic growth for Asia to be at 5.3 per cent in 2016, far surpassing the global forecast of 3.1 per cent. Asia will account for almost two-thirds of global growth in 2016. Efforts to promote multilateral and regional trade through the Trans-Pacific Partnership (TPP) and the Regional Comprehensive Economic Partnership (RCEP) will also strengthen the region's economic potential.

4. Within Asia, ASEAN will play an increasingly important role with its large population of 630 million, fast growing markets and the establishment of the ASEAN Economic Community in 2015. Experts have estimated that ASEAN could become the fourth largest single market in the world by 2030 (after the EU, US and China), with combined GDP rising more than fivefold to US\$10 trillion. Investments into ASEAN are also at an all-time high, with Foreign Direct Investment (FDI) flows into

ASEAN totalling US\$120 billion in 2015. ASEAN's rising middle class, growing urbanisation, and abundance of natural resources, will also continue to fuel ASEAN's growth.

5. Our companies have a robust footprint in the ASEAN region and continue to show keen interest in expanding there, given the immediate market access and growth opportunities. Hence, partnerships between German and Singaporean enterprises have much to gain in terms of capturing opportunities in the region.

Rapid technology advancements are creating new opportunities

6. Companies also need to position themselves well for rapid technological advancements that are disrupting existing industry structures and business models, but also creating new pathways.

7. From the first industrial revolution to the internet revolution, technology development has resulted in innovations and discoveries that have transformed manufacturing and the way people live and work. The next wave – what some are calling the Fourth Industrial Revolution, which includes the digitisation of manufacturing – will be similarly transformative.

8. Germany has launched its Industrie 4.0 initiative to build on its leadership position in various technology and industrial sectors. During my recent visit to Germany, I had the opportunity to visit a range of companies, including Siemens' Electronic Plant in Amberg. It was an impressive display of how companies are anticipating and tackling technological changes. Operations were highly automated, and components were fetched and assembled with minimal human input, yet it is a facility that has evolved over time, adjusting to new opportunities.

9. Similarly, manufacturing is an important sector for Singapore, and we are investing in advanced manufacturing technologies to enhance the competitiveness of our companies and better position them for the future. We have set aside \$3.2 billion to support research in Advanced Manufacturing & Engineering from 2016 to 2020 under our Research, Innovation & Enterprise 2020 (RIE2020) plan. The National Robotics Programme (NRP), which will coordinate government efforts to drive end-to-end development, test-bedding and deployment of robotics technology, is an example of our initiatives to build capabilities and drive adoption of advanced manufacturing. Another significant initiative is the National Additive Manufacturing Innovation Cluster (NAMIC), which will translate research knowledge in additive manufacturing into commercial applications for the industry.

10. Our local companies are also making progress in adopting advanced manufacturing technologies in their production lines. One example is Ka Shin Technologies, a manufacturer of high precision mould inserts for the automotive, electronics and medical industries. Ka Shin Technologies implemented an automation system powered by robots to support round-the-clock production of precision components to target higher margin global customers. This has reduced production time by 10 to 20 per cent.

11. Technologies can also be applied to transform services sectors such as logistics and education, and to shape emerging sectors such as clean technology. For example, Singapore's Smart Nation initiative will use technology-enabled solutions to create an even more integrated and efficient urban environment that will enhance our quality of life for our citizens.

Importance of Partnerships

12. Partnerships will be an important means for us to capture the opportunities that I have described.

13. Partnerships between Germany and Singapore are undergirded by strong and long-standing economic relations. Germany is our largest trading partner in the EU and 13th largest trading partner globally. In 2015, bilateral trade was valued at S\$19.9 billion. Germany is also our 4th largest investor from the EU. The EU-Singapore Free Trade Agreement (EUSFTA) will deepen cooperation between EU Member States and Singapore, and we look forward to Germany's continued support for the expeditious ratification of the EUSFTA. With the EUSFTA, it will become easier for EU companies to leverage Singapore as a gateway to ASEAN, and to tap on our stable environment, robust legal and IP system, and diverse talent base. Singapore firms are thus well placed to partner their German counterparts who are seeking to expand into the region.

14. Both Singapore and Germany promote innovation and productivity as key drivers for growth, and share complementary technology and innovation agendas. These shared economic goals make it conducive for German and Singaporean enterprises to foster substantive and meaningful partnerships. With more than 1,500 German companies in Singapore, there are many opportunities for business collaboration in areas of mutual interest, including growth sectors such as precision engineering, medical technology and clean technology. To give some examples of these partnerships:

- a. In the area of clean technology, vTrium Energy Group, a local SME providing integrated energy solutions, partnered with Heliatek, a manufacturer of organic photovoltaic cells, and Younicos, a developer of energy storage systems, to bring cutting-edge organic photovoltaics (OPV) solar solutions to Singapore. OPV solar solutions have been successfully installed at Seletar Aerospace Park, with plans to extend this to Cleantech Park next.
- b. In the area of medical technology, Singapore's Histoindex, a local medical technology start-up, partnered with University Hospital in Tubingen to conduct clinical trials of the Genesis imaging system developed by Histoindex. The system is able to perform automatic and quantitative assessment of prostate cancer tissue to aid in the accurate diagnosis and treatment of patients.
- c. In precision engineering, Singapore's Armstrong Industrial Cooperation, a local automotive supplier in noise, vibration and heat management

solutions, created a joint venture with Germany's Odenwald-Chemie, a supplier of foam and fleece systems. This enabled them to successfully enter the automotive market in six cities in China. Armstrong-Odenwald has grown their China presence rapidly and has established partnerships with industry leaders such as BMW and Mercedes-Benz.

Launch of the bilateral SME funding programme

15. I am happy to announce today that we will be taking further steps to strengthen the close partnership between Germany and Singapore with the **launch of the bilateral SME funding programme. This programme will support Singaporean and German SMEs to undertake joint research and development projects, with a focus on the medical technology, clean technology and advanced manufacturing sectors.** Projects should be focused on new and innovative products, processes and services, to raise the innovation capabilities of our companies. With this bilateral funding programme, we look forward to catalysing more and deeper partnerships in growth areas of mutual interest.

Committee on Future Economy and Industry Transformation Maps

16. I've touched on a few themes today: internationalisation, technology and innovation, as well as partnerships. These are all key planks of both the work of the Committee on the Future Economy (CFE) and the Industry Transformation Maps (ITMs) announced in Budget 2016.

17. The Committee on the Future Economy is studying recommendations to enable Singapore to seize opportunities in growth markets such as ASEAN and growth clusters such as Advanced Manufacturing, and forge partnerships to capture greater value from innovation and technology.

18. Under the Industry Transformation Maps, we will integrate the strategies for these various aspects in a sector-by-sector approach to better support the growth of our companies. These strategies will include programmes to upgrade productivity, develop skills, promote technology adoption and innovation, and help companies expand overseas. The strategies will be developed and implemented in partnership with key stakeholders such as companies, industry associations, business chambers, and unions.

Conclusion

19. The Germany-Singapore Business Forum is a good platform and opportunity for companies to link up and discuss how to complement each other's strengths, to compete in a rapidly changing global economy. I understand that the programme over the next two days will consist of panel discussions on the various themes I have highlighted earlier, including panels on the ASEAN Economic Community, Industrie 4.0, the Medical Technology Revolution, and the Smart Nation Movement.

20. I wish everyone fruitful and productive discussions over the course of the programme. Thank you.