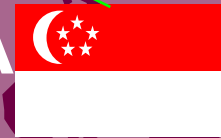




# SINGAPORE A GATEWAY TO ASIA



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# Singapore

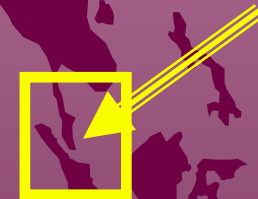
## *'The Lion City'*

- x Overview
- x Relevance to UK companies
- x Impact of the global credit crisis
- x Current opportunities areas
- x How to do business
- x Points to remember when approaching the market

# Singapore



- x Small island at the tip of the Malaysian peninsular; 650 sq km
- x **AS BIG AS THE ISLE OF WIGHT**
- x 4.8m population (Chinese (75%); Malay (13.7%); Indians (8.7%); Others (2.6%))



# Singapore



- x World's 14th biggest trading nation: imports - \$263bn; exports - \$299bn (2007)
- x External trade >3.6xGDP
- x 5th richest country; GDP per cap ~38k USD (IMF)
- x No National debt and reserves >180bn USD
- x Financial centre of S E Asia



# Singapore - No 1 for foreign trade and investment

**Country**

Singapore  
Hong Kong  
Netherlands  
Switzerland  
Ireland  
Denmark  
United States  
Canada  
Jordan  
Estonia

**Ranking**

1  
2  
3  
4  
5  
6  
7  
8  
9  
10

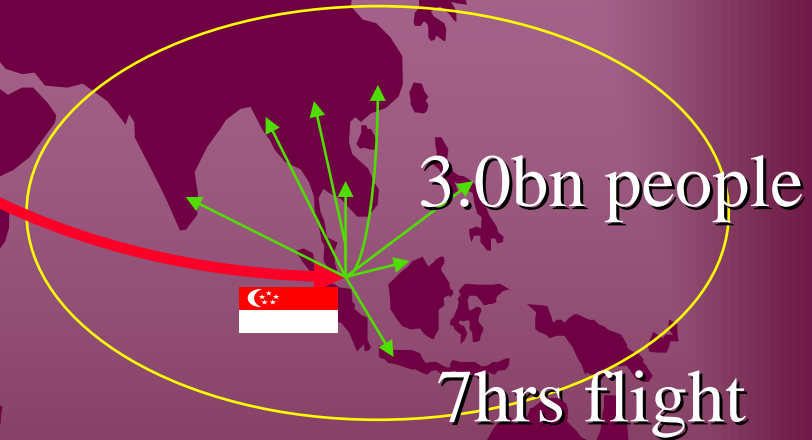
Source: The Globalisation Index 2007




# Singapore

- x 50% of total imports re-exported unchanged
- x 55% of retained imports used in manufactured goods which are 60% of exports
- x Majority of trade with OECD countries
- x UK's 13<sup>th</sup> largest export market

- x Strategic location at the heart of S E Asia with links to China and India



# 2009 UK/Asia Exports/Population



| Country          | Exports (£m) | Population (m) |
|------------------|--------------|----------------|
| China            | 5129         | 1330.0         |
| Hong Kong        | 3512         | 7.0            |
| Japan            | 3363         | 127.3          |
| India            | 2894         | 1140.0         |
| <b>Singapore</b> | <b>2846</b>  | <b>4.8</b>     |
| Korea            | 1096         | 49.2           |
| Malaysia         | 583          | 25.3           |
| Taiwan           | 407          | 22.9           |
| Thailand         | 403          | 65.5           |
| Indonesia        | 182          | 237.5          |
| Philippines      | 141          | 92.7           |

# Top 10 export destinations

% Share % change

A world map is visible in the background, with the top 10 export destinations highlighted in red. The map shows the geographical locations of Hong Kong, China, Malaysia, China, Indonesia, EU, United States, South Korea, Japan, and Australia.

|                      |              |              |
|----------------------|--------------|--------------|
| Hong Kong, China     | 11.6         | -8.6         |
| Malaysia             | 11.5         | -22.3        |
| China                | 9.7          | -13.0        |
| Indonesia            | 9.7          | -24.7        |
| EU                   | 9.5          | -23.5        |
| United States        | 6.5          | -23.8        |
| South Korea          | 4.7          | 5.2          |
| Japan                | 4.6          | -24.2        |
| Australia            | 3.9          | -21.6        |
| Thailand             | 3.7          | -21.5        |
| <b>Total Exports</b> | <b>100.0</b> | <b>-18.0</b> |

# Singapore

- x Growth averaged  $>7\%$  pa for over 40 yrs
- x Home to over 7000 MNC's, 4000 Asian enterprises and 100 International Purchasing Houses
- x UK is 3rd largest investor-700 UK companies
- x The world's busiest port (in TEU's)
- x The world's 3rd largest oil refiner
- x Over 230 foreign banks - Centre of Asian \$ market

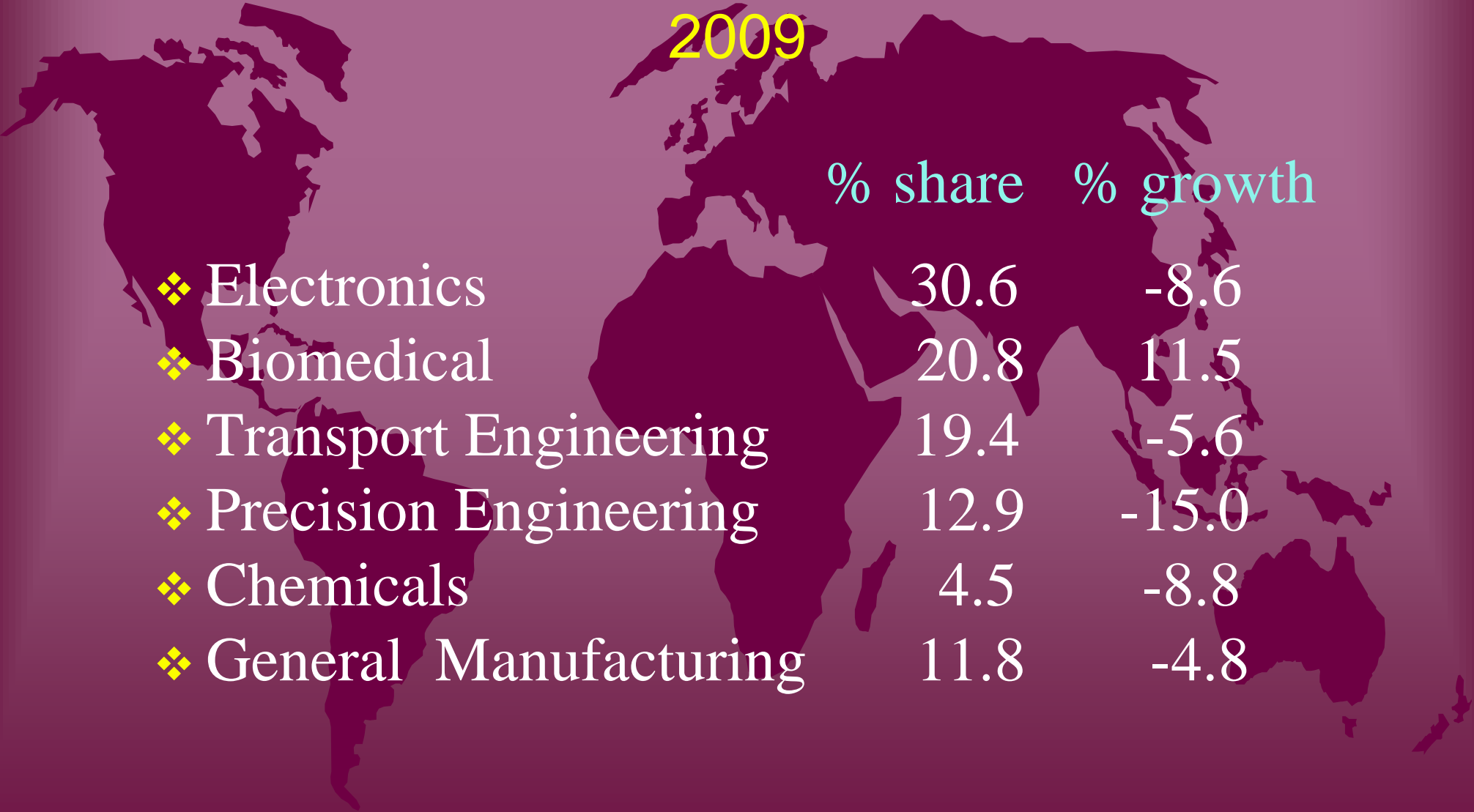
# Singapore Economy

A faint world map is visible in the background of the slide, centered on the Pacific Ocean.

|                              |     |
|------------------------------|-----|
| x Manufacturing              | 18% |
| x Financial Services         | 14% |
| x Business Services          | 14% |
| x Wholesale/Retail           | 17% |
| x Transport/ Storage         | 9%  |
| x Construction               | 6%  |
| x Information/communications | 3%  |
| x Hotels/Restaurants         | 2%  |
| x Utilities                  | 2%  |
| x Others Service Industries  | 10% |

# BREAKDOWN OF MANUFACTURING

2009



|                         | % share | % growth |
|-------------------------|---------|----------|
| ❖ Electronics           | 30.6    | -8.6     |
| ❖ Biomedical            | 20.8    | 11.5     |
| ❖ Transport Engineering | 19.4    | -5.6     |
| ❖ Precision Engineering | 12.9    | -15.0    |
| ❖ Chemicals             | 4.5     | -8.8     |
| ❖ General Manufacturing | 11.8    | -4.8     |



# Singapore

- x A developed economy
- x Strategic significance
- x Connects into regional/global trade networks
- x An excellent base for UK companies (particularly SME's) wanting to launch into Asia
- x One of UKTI's *High Growth Markets* (Use their services)

# Why Singapore for UK Companies?

## Comparatively low risk environment

- x Political stability
- x No corruption
- x Low crime/safe environment
- x Not prone to natural disasters
- x Transparent procurement process
- x World Bank ranked no 1 for ease of doing business
- x No1 in Asia for IP protection
- x Favourable, business friendly political and regulatory environment

# Why Singapore for UK Companies?

Comparatively low risk environment

- x English first language
- x Legal system based on English Common law
- x Very strong bilateral relations
- x World leading transport/communications infrastructure
- x Access to long established regional trading networks - **guanxi!**
- x FTA's; virtual Free Trade Zone

# Impact of Banking Crisis

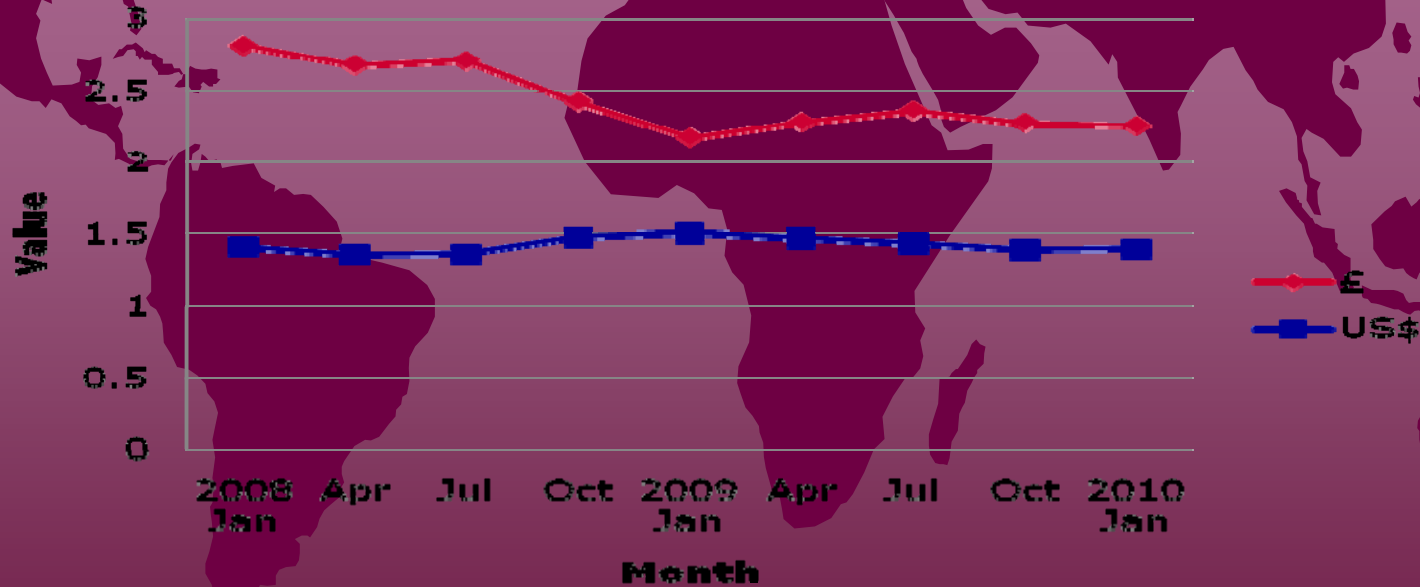
- x Banks relatively unscathed - not involved in sub prime loans or derivatives; losses on investments
- x Severe impact on exports – all sectors
- x First country into recession Q3 2008
- x 9.4% Q1; 2.1% annual contraction in 2009
- x No national debt - strong reserves
- x Huge fiscal stimulus – 8% of GDP
- x 2010 growth forecast 3-5%
- x Deflation avoided; inflation 0% 2009, 3.5 forecast

# Impact on UK Competitiveness

US\$/Euro Exchange rate changes favour UK

Now is a good time to explore this market

## Exchange Rate



# Areas of Opportunity

## Current Priority Sectors

- x Advanced Engineering
- x Biomedical Sciences
- x Creative Industries
- x Education and training
- x Environment
- x Financial Services
- x Infrastructure Development
- x Oil & Gas

# Singapore Opportunities



- x An excellent place to showcase/ test new products
- x A shop window for Asia
- x Not a low cost manufacturing base
- x Expensive place live and to do business
- x Targeting advanced technology products and services to grow a knowledge based economy
- x Major commitment to education/R&D to spawn new home grown industries

# Singapore Opportunities



CAN BE VIEWED ON TWO LEVELS

- x Those inside Singapore - high added value products and services which relate to knowledge based industries
- x Those outside Singapore which are accessed from Singapore via an agent/distributor/jv partner or regional office

A faint, light-colored world map is visible in the background of the slide, centered behind the text.

## Song Yun Chang, Chief Executive, Sinopec Lubricant

“When we decided to enter the Asia-Pacific market, Singapore was chosen as the site for the launch of our product because we regard Singapore as the region's economic centre and its connectivity will create awareness of our company and products within the region,” .

# How to do Business

A world map is visible in the background, rendered in a light blue color against a dark blue gradient background. The map shows the continents and is centered on the Atlantic Ocean.

Local Presence Always Best Usually Essential

- I Agent /Distributor
- I Representative office
- I Subsidiary company
- I Joint venture with local Singapore company

# Points to Remember

- x Chinese cultural influence
  - I 'Face' - avoid the hard sell
  - I Respect for position, authority and age
- x Language - avoid colloquialisms
- x - 'Yes' might mean 'no'
- x Avoid the expression 'The Far East'

# Points to Remember



- x Relationships are vital
- x Eating out is a way of life
- x Business cards-carry a lot of yours;treat theirs with respect
- x Pricing- sophisticated hard negotiators
- x Patience; Persistence - regular visits necessary

# Singapore Summary

- x The most advanced S E Asian economy
- x Returning to growth after the global downturn
- x Totally committed to external trade
- x Strong established regional trading networks
- x Lowest risk location; the easiest place for UK SME's to start in Asia Pacific
- x Targeting 'Knowledge driven' industries
- x Strategically important to the UK
- x UKTI *High Growth Market*

**ASIA THE FUTURE**



**SINGAPORE THE GATEWAY**



**NOW IS A GOOD TIME TO GO**

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