

Singapore

Business Opportunities & Key Issues

Stephen Evans
High Growth Market Specialist

Stephen Evans Background

- 12 years employment in South East Asia (1994-2006)
- Managing Director for UK MNC based in Singapore setting up sales / distribution networks across SE Asia and China
- President Director of Danish MNC based in Indonesia
- Responsible for SE Asia within new UKTI High Growth Markets Programme

High Growth Markets Programme

- A new programme launched in Spring 2007 by UK Trade & Investment
- UK Government has identified the need for greater engagement by mid- corporate companies with High Growth Markets
- Includes Singapore + 8 other Asian markets
- Objective is to increase trading activity
- Guidance on business development and market entry strategies

Singapore Business Opportunities & Key Issues



- Country Background
- Economic Overview
- UK Involvement in Singapore
- Business Opportunities
- Key Issues
- Singapore – Your route into South East Asia

Singapore

Country Background

Country Background

- Gained independence in 1965
- 4.5m population ... 3.6m local and 0.9m foreign
- Plans to increase population to 7m by 2020 ? !
- A true multi cultural society local population consists of:
 - 77% Chinese
 - 13% Malay
 - 8% Indian
 - 2% Other

Country Background

- A democratic society, dominated by the People's Action Party
- Located at the heart of South East Asia
- 700 sq km in size ... and increasing
- Very close to Malaysia but not part of it !
- Long history with Malaysia of partnerships, exchange of labour, competition relationship improving

Economic Overview

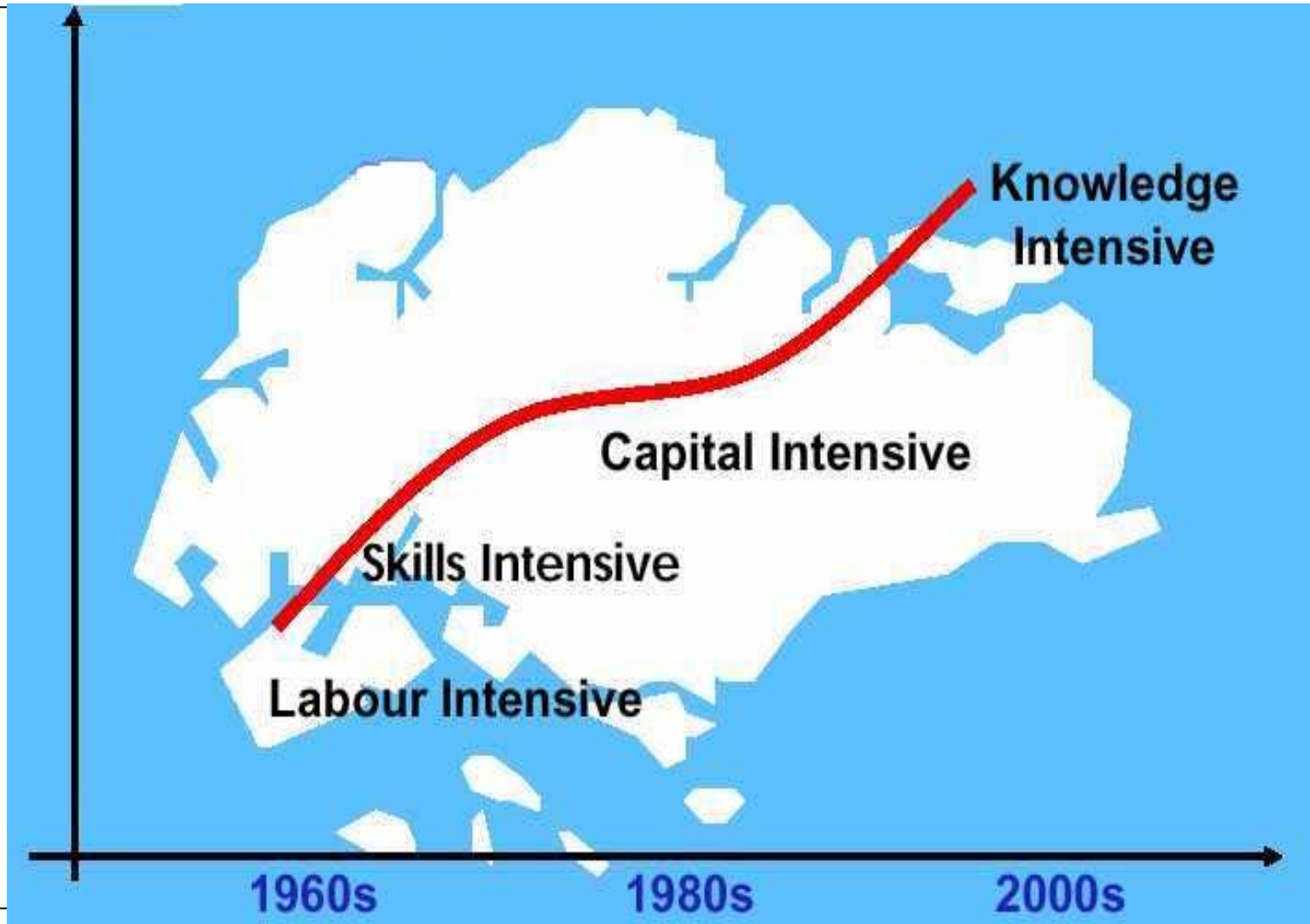
Economic Overview

- Average GDP of 6.7% since 1980
- 7.9% GDP in 2006, forecast at 5-7% in 2007
- Economy currently buoyant
- Singapore highly active in signing FTAs (13 so far)
- Agreements with major economic powers (USA, Japan, Korea, India, Australia)
- Singapore is at the forefront of developing free trade within ASEAN via AFTA

Economic Overview

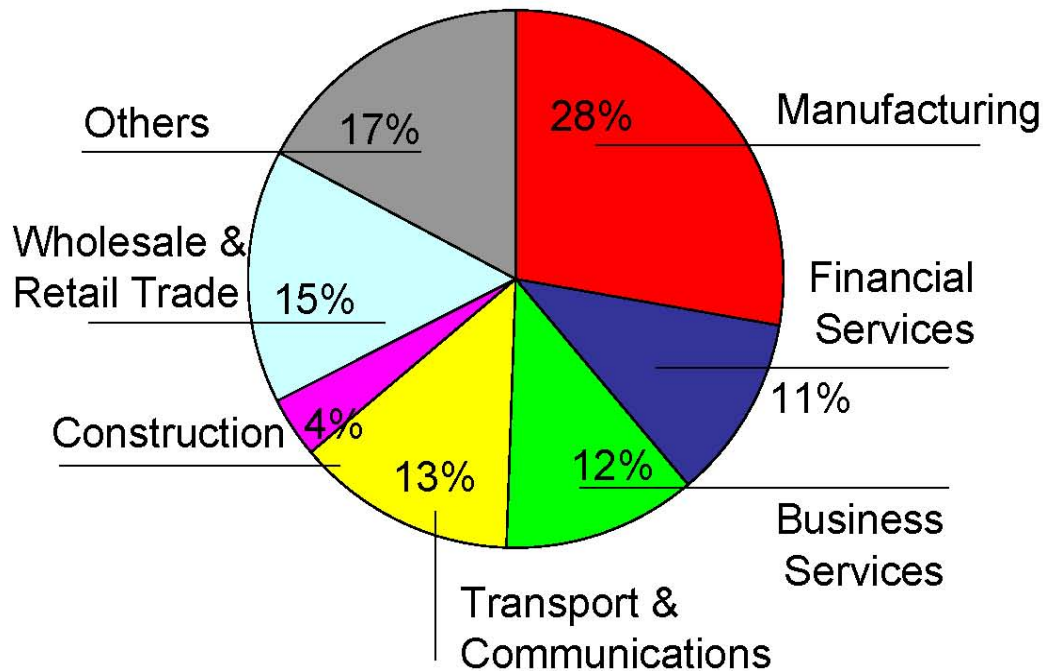
- A re-engineered economy moving into niche, high technology and R&D intensive sectors
- Diversified into life sciences, education, creative media + an expanded services sector
- Open investment environment to attract global players across all sectors
- The major trading hub in SE Asia due excellent logistics, financial systems and transport infrastructure

Economic Transformation

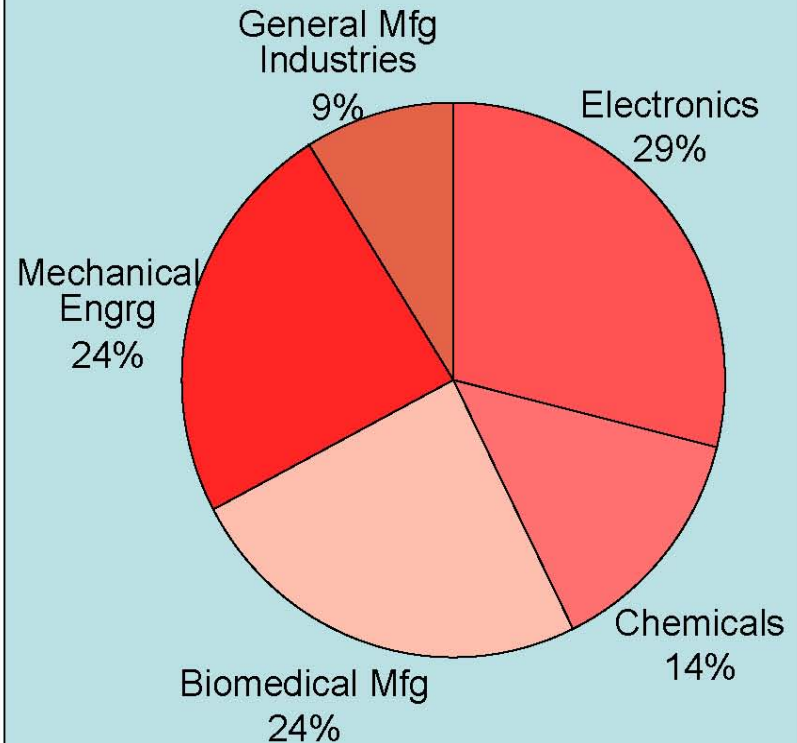


A Diversified Economy

2006 GDP: S\$210billion (US\$137b)

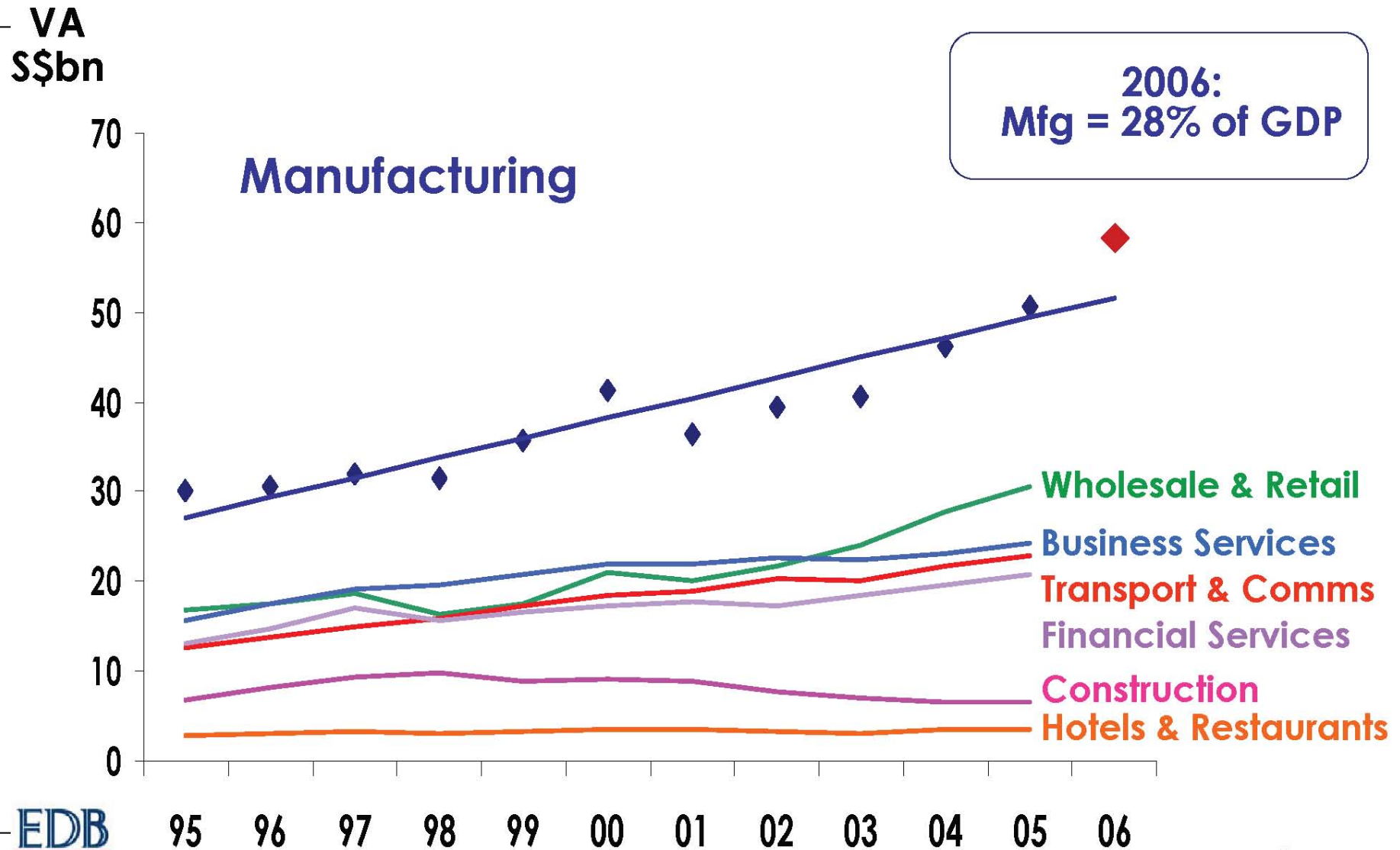


Manufacturing Value Added by Sector

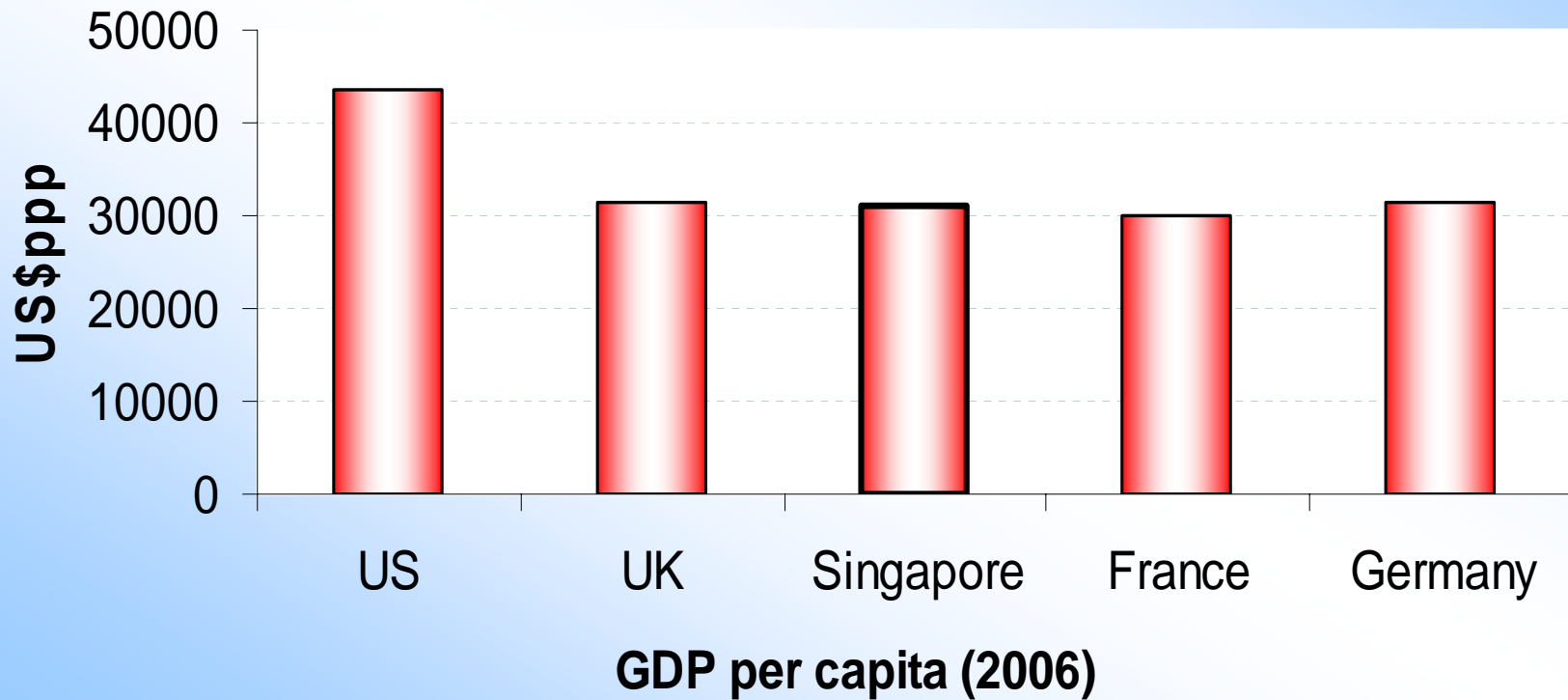


Manufacturing is a key contributor to Singapore's GDP

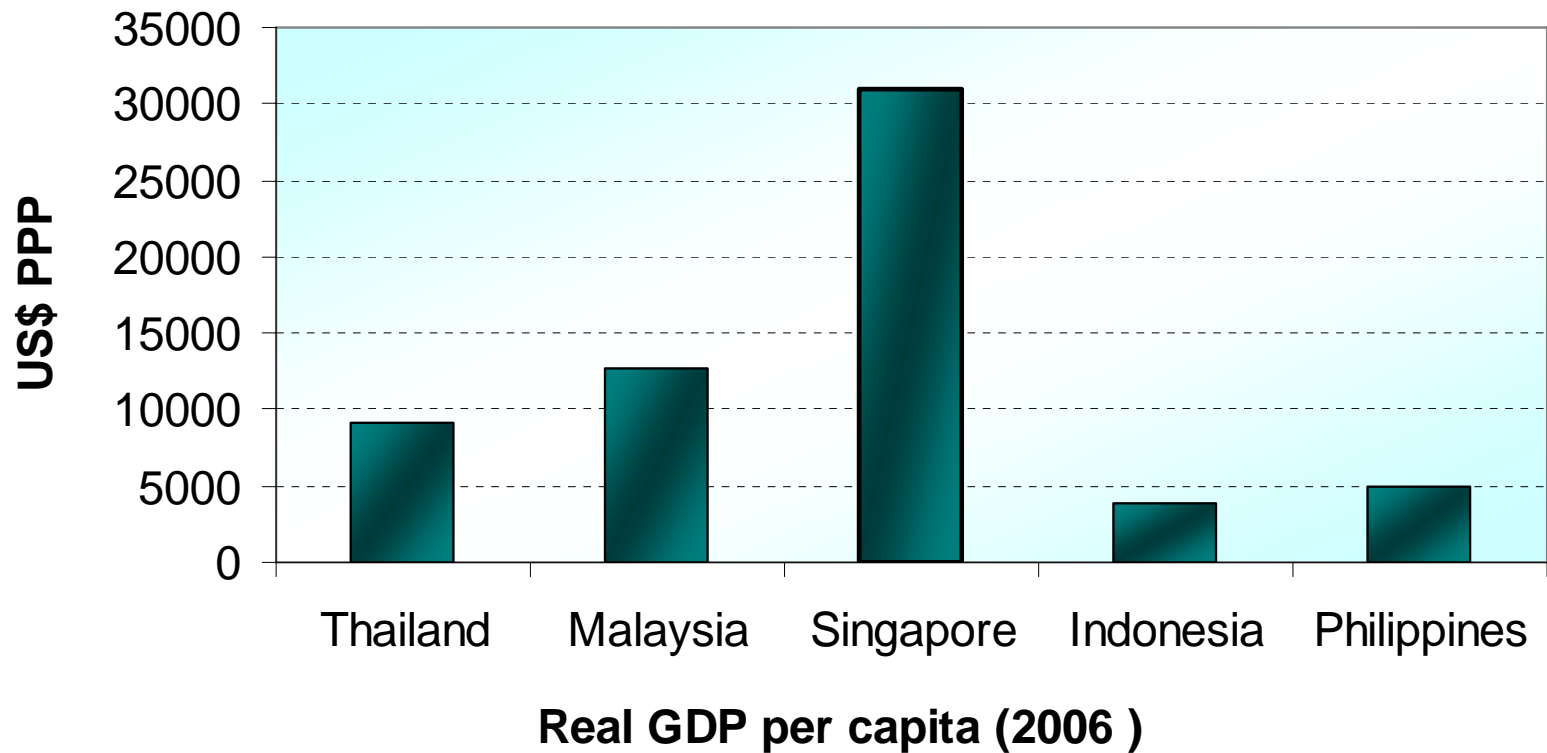
Sustained Manufacturing Growth



A prosperous country by OECD standards



Meet the South East Asian Neighbours



Singapore's Business Environment

The Government View

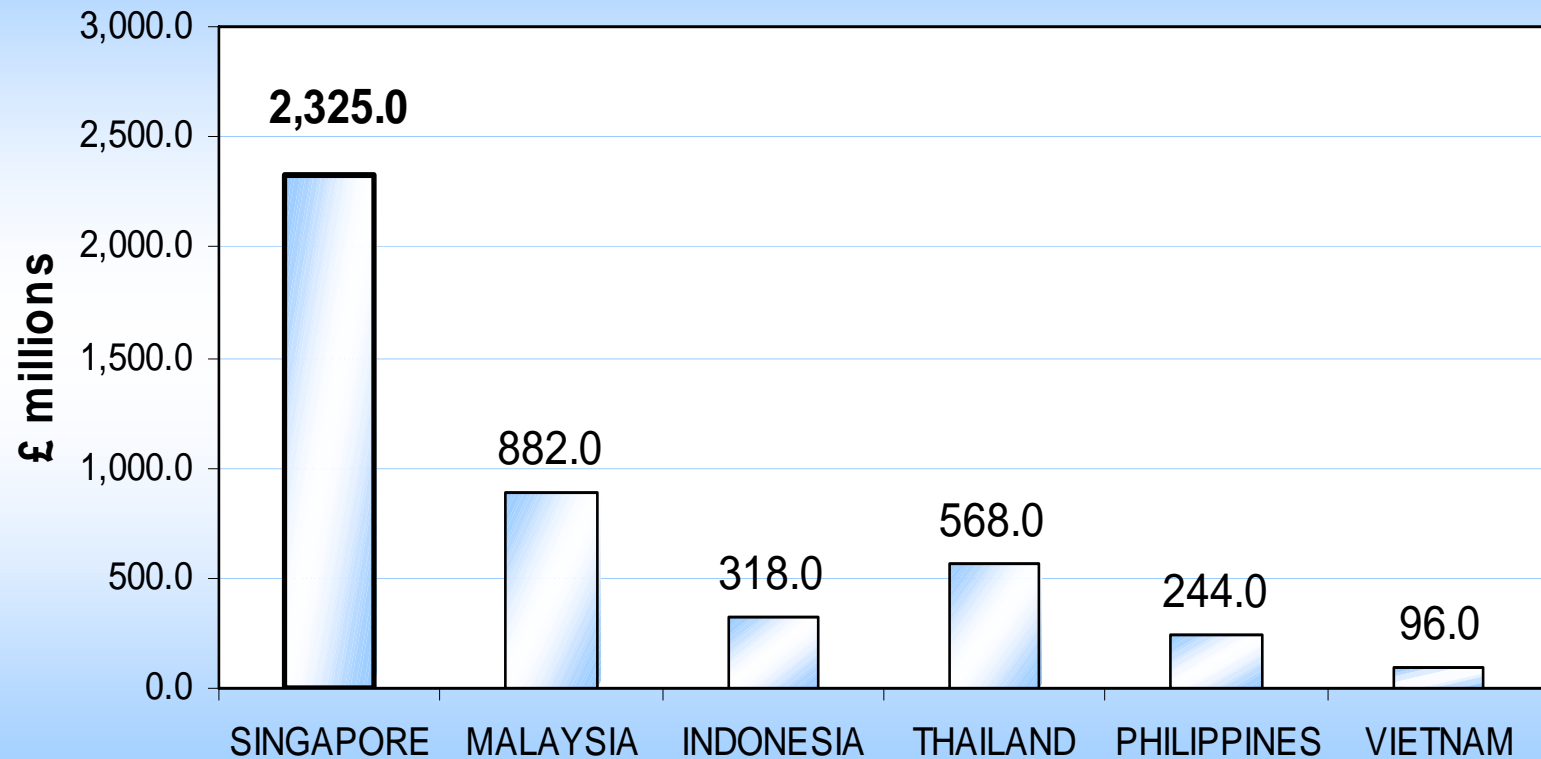
- Low tax on individuals and corporations – 20%
- Physical and economic connectivity
 - Availability of skilled manpower
 - Strong supporting industry
 - Commitment to R&D
 - Little red-tape

UK Involvement in in Singapore

UK Involvement in Singapore

- 700 UK companies based in Singapore
- Many MNCs with their regional headquarters
- 20,000+ UK residents
- £15billion of cumulative investment from UK
- UK currently largest FDI
- Singapore is UK's largest SE Asian trading partner

UK exports of goods to South East Asia 2006



UK Involvement in Singapore

- Strong historical, economic and political links
- Education, legal systems based on UK
- Ongoing collaborations on trade and R&D
- UK companies seen as good business partners
- However.....some dilution of UK's influence given emergence of our global competitors

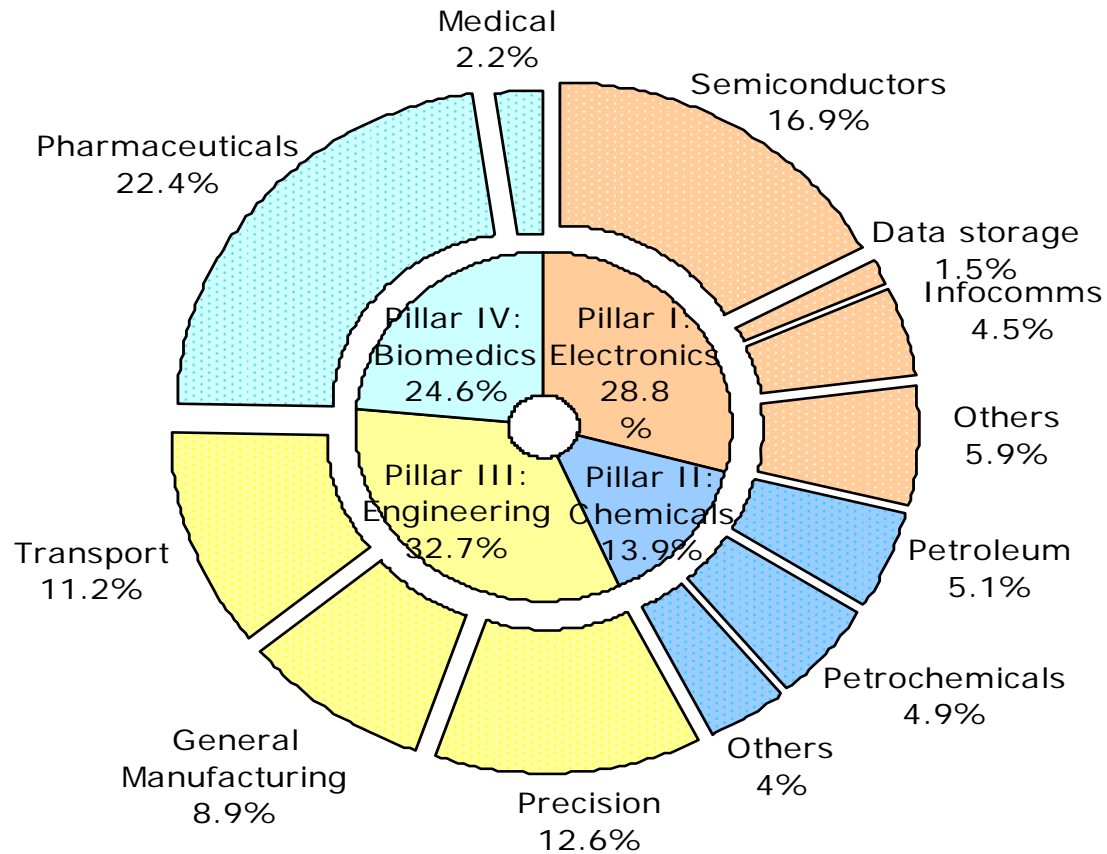
Business Opportunities in Singapore

Manufacturing
Services / Trading

Manufacturing Sector

- Opportunities to supply goods & support services to the local manufacturing and infrastructure base
- Specific opportunities in engineering, oil & gas, machinery, environmental, ship building, aircraft maintenance (MRO)
- Major infrastructure projects ongoing for road, rail, sports stadium + 2 mega casinos / resorts
- Project / consultancy opportunities

Singapore: The manufacturing sector: 2006



Services / Trading Sectors

- Growth in financial and business services due to low tax environment and legal framework
- Service sectors include education, tourism, hospitality, healthcare
- Retail opportunities in niche consumer goods, food & drink
- An excellent base for Asian regional business via sales offices, distribution centres
- 50% of exported goods are re-exports

Key Issues

Key Issues

- Research via market visits ...use the UK network
- Understand the business culture and methods
- Take care on signing agreements
- You will meet your worldwide competitors
- Be flexible on pricing and payment terms
- Enjoy the negotiation !
- Singapore is **NOT** an untapped market

Key Issues

- Take time to understand the industry structure
- Public and private Singapore entities
- Foreign owned MNCs
- Government Linked Companies Temasek, Keppel, Sembcorp, PUB etc
- Maximise market coverage ... locally + regionally
- For new entrants consider onward opportunities into SE Asia, India, China ?

Singapore is Hot !

- Market is currently buoyant with an influx of global competitors of all shapes and sizes
 - Stock market up 50% in past year
 - Office rents up 40% to Qtr 2 2007
 - Residential rents up 22% to Qtr 2 2007
- Tight labour market and wages now increasing
- Consider short / medium placement of own staff to progress rapid market development

Singapore – A Key High Growth Market

Your Springboard into the South East
Asian High Growth Markets

Opportunities in South East Asia

- Vibrant and expanding economic region
- 550m population (10 countries)
- Average GDP % @ approx 6%
- GDP for region in excess of £500 billion
- Total annual trade figures of £600 billion

- A focal point for the world's MNCs
- Bilateral trade links within ASEAN + into China, Middle East and India
- Access to well educated and flexible labour force
- Low cost manufacturing in Indonesia, Vietnam
- When considering Singapore ... you must consider the region

Springboard opportunities ex Singapore .. ?

Indonesia

Thailand

Vietnam

Opportunities in South East Asia Indonesia

- 220m population
- GDP @ 6.0%
- Increasing economic and political stability, with improved business climate
- Huge local market ... but highly competitive
- Opportunities in capital equipment, oil & gas services, infrastructure, ports

Opportunities in South East Asia Thailand

- 63m population
- GDP @ 4.3%
- Economy 'treading water' following recent political upheaval
- Large local market + global manufacturing base for Japan, Korea, USA
- Opportunities in capital equipment, machinery, medical and pharmaceutical goods

Opportunities in South East Asia Vietnam

- 84m population
- GDP @ 8.2% ... economy opening up following WTO accession
- Infrastructure needs – road/rail, ports, telecom
- Trading opportunities in capital equipment, machinery, instrumentation
- Low cost manufacturing base

All roads lead to China and India...?

Do not forget South East Asia...

.....and particularly Singapore !