



The Lion's Share

Through its infrastructural diligence and constant drive for self-improvement, the island nation of Singapore has distinguished itself as a preeminent global commercial hub.

by Luis Landas

SINGAPORE'S economy has drawn praise worldwide for its productive dexterity and the efficiency with which its few key resources are utilised. Lacking in many vital primary commodities such as oil, metals, crops and even clean drinking water, Singapore offers the world high-tech products, top-notch logistics management, and skilled professional labour in exchange for foodstuffs, fuels and consumer goods. The city-state now has the highest trade-to-GDP ratio in the world at 407.9 per cent.

In the first half of 2010, Singapore became the world's fastest growing economy when its upward trajectory culminated in an annual growth rate of 17.9 per cent. This progression has seen Singapore, one of the four original "Asian Tigers", mature into a regional economic powerhouse.

Fortune Density

According to a report published by Boston Consulting Group, the number of households with USD1m in disposable private wealth increased 14 per cent year-on-year to 188,000 in 2011. Singapore has the highest proportion of millionaires in the world, with one in every six households holding over USD1m.

Moreover, Singapore's population of ultra-high net worth individuals (UHNWI), defined as people with over USD30m in investable assets, currently stands at above

1,000. Mykolas Rambus, CEO of Wealth-X, a wealth intelligence firm headquartered in Singapore, says that the country's UHNWI profile can be characterised as an "ecosystem" split evenly between affluent expatriates and home-grown UHNWIs.

"Singapore's wealthy are very much connected to the businesses that are based here," Rambus says, citing the success of Singapore's major industries such as real estate, medicine and shipping. "Shipping is a very important sector for Singapore. There are many companies with regional headquarters and substantial operations here, especially in shipping and property," he adds.

With regards to the most important factors keeping these UHNWIs in Singapore, Rambus says safety and security are vital factors for those seeking a stable and private location for wealth.

Destination in Demand

The connectivity with other Asian metropolises also enables the vibrant and lucrative exchange of tourist flows within the region and beyond. As Jasmine Lew, Eastern China area director for the Singapore Tourism Board, explains, "Without having to worry about language barriers or safety concerns, travellers enjoy easy access to many iconic attractions and tourism offerings amidst our melting pot of cultures and unique local experiences."

The country's rich multicultural heritage and supportive travel framework provide the economy with the tools to succeed in the tourism industry: "Tourism plays an important role in the economy of Singapore. It is expected that tourism will account for 5 to 6 per cent of Singapore's GDP in 2015. The level of development for this industry is a key index for the city's internationalization," adds Lew.

Singapore received nearly 1.6 million Chinese tourists in 2011, making China the second largest source of international visitors behind neighbouring Indonesia. "China is an important market for us. It currently ranks among Changi's top five markets by passenger traffic," explains Ivan Tan, a spokesperson for Changi Airport Group, the organisation managing Singapore's main airport.

Singapore's buoyant air travel flows have continued to underpin the growth in tourism volume. "Since the start of the year, passenger traffic between Singapore and all of Asia has grown by 11 per cent," Tan says.

Facts and Figures

Population
5,183,700 (2011)
GDP (PPP)
USD314.911bn (2011)
GDP per capita
USD59,711 (2011)
<i>Source: Singapore Government, United Nations</i>



▶▶▶ Nicholas Ionides, vice president of public affairs for Singapore Airlines, sees the opportunities in international travel and tourism as more than just business prospects: "Our firm's focus on enhancing connections to destinations with high traffic demand or potential for further development, and additions of new destinations where appropriate, also play a part in building Singapore as a major hub and promoting the movement of people and ideas across borders. This in turn encourages economic growth."

Ionides also cites Changi Airport as an asset. In 2011, the Airports International Council ranked Changi as the world's second best airport for the third year in a row. In addition to its role as a crucial gateway for Singapore's visitors, it is also one of the globe's busiest air cargo hubs, handling 1.87 tonnes of cargo in 2011.

Connecting Commerce

Having established an historical identity as a vital node for global trade, Singapore continues to enjoy a reputation for dependably and efficiently connecting buyers and sellers in overseas markets. The Port of Singapore is often referred to as the world's busiest port in terms of shipping tonnage, with 1.15bn gross

tons handled in 2005. The country's logistics and transportation industry contributed 8 per cent to GDP in 2011.

Luc Maton, Asia general manager Asia for Ahlers, an international logistics and maritime service company, explains that "Singapore is an important trans-shipment port for project cargoes and non-containerised cargoes such as machinery, steel and packaged chemicals, as well as for goods coming from the main manufacturing markets to minor ports in the region that are not called directly by the main carriers."

Maton adds that Singapore has been increasingly "hosting global and regional headquarters" for container and feeder carriers in Asia, "due to the availability of high-quality human and physical infrastructure."

Prized Personnel

Expenditure on education constitutes 20 per cent of the annual national budget, indicating the government's strategic emphasis on schooling as an engine of prosperity. As of 2011, 70.6 per cent of the country's employees work in the services sector, and holders of diplomas or professional qualifications

accounted for 18.2 per cent of Singapore's 3.24 million-strong labour force. In the Times Higher Education World University Rankings 2012-2013, the National University of Singapore (NUS), secured 29th place. In 2011, NUS partnered with Yale University to launch Yale-NUS College, which is set to open in August 2013.

Pericles Lewis, President of Yale-NUS, explains, "The College will be Singapore's first liberal arts college, and we aim to create a new model of undergraduate education for Asia. Yale-NUS offers a distinctive style of liberal arts education that brings together the best of Asian and Western intellectual traditions." Yale-NUS will be the first undergraduate college to bear the name of an Ivy League school in Asia.

The quality of the education in Singapore has even influenced the schooling opportunities for children here in Shanghai. As Winnie Suli Yong, senior manager of admissions and marketing for Shanghai Singapore International School (SSIS), says, "We are trying to strike a balance, to incorporate the essence and the strength of the Singapore system but give it a very international flavour." SSIS, a K-12 school, is the only iPSLE examination centre ▶▶▶

In conversation with Ong Siew Gay, Consul General of Singapore in Shanghai

SBR: What were some of the major milestones in diplomatic relations over this past year?

OSG: At the broader national level, there has been a series of high-level visits between both sides. Prime Minister Lee Hsien Loong visited Beijing, Tianjin and Chengdu in September. PM Lee also visited the reconstructed Yingxiu Town, epicenter of the 2008 Wenchuan earthquake.

SBR: Which areas in the Yangtze Delta region are seeing strong interest from Singaporean companies and investors?

OSG: The Yangtze River Delta takes up close to half of Singapore's cumulative investments in China. We are seeing new investment activities moving towards service industries, including environmental services, urban planning and education. We are also seeing growing interest in third tier cities like Hefei

and Wuhu in Anhui province and others in northern Jiangsu.

SBR: What developments do you look forward to in 2013 between Singapore and your particular region of activity?

OSG: We look forward particularly to deepening financial cooperation. Since the review of the China-Singapore Free Trade Agreement last year, the Bank of China and ICBC have both been granted Qualifying Full Bank (QFB) licences to operate in Singapore. This move takes Singapore one step closer to becoming the next offshore RMB centre after Hong Kong.

On a broader note, bilateral cooperation has expanded beyond the Suzhou Industrial Park and Tianjin Eco-city to other commercially-driven projects and into new areas like social management.



SBR: What are some challenges Singaporean businesses encounter in this particular region of China?

OSG: Challenges exist at both the micro and macro levels. At the micro level, businesses can sometimes get caught in legal and commercial entanglements on the ground. It is important that our companies do their homework carefully before making commercial decisions.

At the macro level, labour disputes, environmental concerns and land resettlement issues are some of the more prominent challenges that have accompanied China's rapid development.



▶▶▶ in China that is appointed by the Singapore Examination and Assessment Board to give its students the iPSLE exam, the international version of the national exam Singapore's students take at the end of primary school education. "Our students represent about 35 nationalities, and with our teachers that number reaches 40," Yong added, describing the role of internationalism in their education, a

key aspect integral of Singapore's educational framework.

Quality Assured

Having leveraged its geographical position in the heart of Southeast Asia to foster a vast trade and logistics framework, the city-state continues to be an attractive destination for innovative FDI and a preferred location

for regional headquarters in the Asia-Pacific region. It's thriving business climate that has attracted USD298.7bn in FDI.

"The world is evolving, post-Lehman, towards the East," says Jimmy Koh, chief economist and head of investor relations and research for United Overseas Bank. "It's gravitating towards the Asian banking model, and we are right at the hub here in Singapore." Similarly, Maton maintains that "oil and gas are still ruling the waves, and Singapore plays a crucial role in this market, partly by being a knowledge centre for shipping and project forwarding specialists."

Hopes are high that Singapore will remain competitive despite slowing growth in recent periods following the global recession. Nevertheless, Singapore's prudent structural management has shown that the nation wields a remarkable capacity for meeting the needs of the constantly shifting domestic, regional, and global economies. **SBR**



Source: Singapore Tourism Board

The city-state continues to benefit from its role as a major logistics hub in Asia.