

APPENDIX III

Summary of the Economic Strategies Committee (ESC) Key Recommendations

1 February 2010

High-skilled People, Innovative Economy, Distinctive Global City

We must make skills, innovation and productivity the basis for sustaining Singapore's economic growth. This will also provide for inclusive growth, with a broad-based increase in the incomes of our citizens.

We must also be a vibrant and distinctive global city — open and diverse, the best place to grow and reach out to a rising Asia, and a home that provides an outstanding quality of life for our people.

ESC Key Recommendations

We must achieve higher productivity growth of 2 to 3 per cent per year, enabling our GDP to grow on average by 3 to 5 per cent per year over the next decade.

Increased productivity is not achieved merely through increased efficiency, but restructuring our economy to provide more room for rapidly growing and innovative enterprises.

7 Key Strategies

1. Growing through skills and innovation

- a. High-level national council to oversee and drive efforts to boost productivity and expand CET (Continuing Education and Training) to ensure national level coordination of government agencies and close collaboration between public and private sectors.
- b. Encourage enterprise innovation and investments in technology and training, both through broad-based and targeted sectoral approaches.
 - Introduce strong economy-wide fiscal incentives for companies to invest in productivity enhancement and innovation.
 - Set up a National Productivity Fund to provide grants to support industry-focused and enterprise-level productivity initiatives at the sectoral level.
- c. Upskill workers at all levels through enhanced CET system.
 - Multiple skills-based progression pathways to complement academic route.
 - Reach out to more PMETs.

- d. Strengthen support for low-wage workers through enhanced Workfare Income Supplement (WIS) scheme, and additional support for training.
- e. Manage our dependence on the foreign workforce by raising foreign worker levies in a gradual and phased manner.
 - Also raise the quality of the foreign workforce and encourage employers to retain skilled foreign workers by increasing the skilled levy differential

2. Anchor Singapore as a Global-Asia Hub

- a. A key Global-Asia hub for global players seeking to tap on opportunities offered by a rising Asia, and for Asian enterprises looking to expand beyond their home markets.
- b. A globally competitive manufacturing sector at 20–25 per cent of the economy, with emphasis on knowledge-intensive manufacturing (e.g. bio-electronics), and taking advantage of the convergence of manufacturing and services (e.g. headquarter operations, clinical trials for new drugs and IP management services).
- c. A trusted financial and modern services hub — through deepening existing capabilities in sectors such as ICT, financial, logistics services, and new areas such as consumer-centric intelligence.
- d. A leading consumer business centre — where businesses gather consumer insights and test-bed

products and services meant for a range of markets across Asia.

- e. Location of choice to test-bed “future ready” urban solutions that can be exported to Asia and the world.

3. Build a Vibrant and Diverse Corporate Ecosystem

- a. Develop a deeper base of globally competitive Singapore enterprises (to grow 1,000 Singapore enterprises with revenues over SG\$100 million by 2020).
 - Catalysing cross-border financing capacity: Plug gaps in financing capabilities through market-based solutions and institutions — aimed at providing risk and credit insurance for trade finance; guarantees for loans by commercial banks and guarantees and possible co-financing for project finance. This could involve establishing an EXIM bank-like specialist financial institution.
 - Growth capital for growth-oriented enterprises: Seeding public-private investment fund to supply up to SG\$1.5bn of new capital for growth-oriented SMEs based in Singapore in the next 10 years.
 - Empowering Trade Associations and Chambers: Strengthen institutional capabilities to serve as industry champions and market facilitators for our companies to expand overseas.

- b. Establish Singapore as [the] premier location in Asia for MNCs, global mid-sized companies, and Asian enterprises seeking to internationalise, through developing deeper market knowledge and expertise with a pan-Asian focus and facilitating their quick start-up and expansion.
 - Develop professional services and grow a pool of Asia-ready managers, professionals and leaders.
 - Shared resource centre and ready access to knowledge and networks.
 - c. Support strengthened alliances between MNCs and local SMEs to co-innovate, build track records, and internationalise.
- 4. Make Innovation Pervasive, and Strengthen Commercialisation of R&D**
- a. Grow R&D expenditure over the long-term. For [the] first half decade, increase Singapore's total expenditure on R&D to 3.5 per cent of GDP by 2015 (compared to 3 per cent currently) by growing private sector R&D.
 - Sustain public sector R&D commitment to create a strong value proposition for the private sector.
 - b. Strengthen emphasis on commercialisation of R&D through new innovation platforms (e.g. consortia-type cooperation between businesses in the same sector) and developing talent in downstream commercialisation e.g. patent agents.

- c. Emphasise design-driven innovation through incentives for capabilities such as in product and industrial design, and provisions for affordable spaces for industry collaboration.

5. Become a Smart Energy Economy

- a. Improve energy security and resilience with [sic.] through the diversification of energy sources
 - Study the feasibility of nuclear energy for the long-term.
 - Explore new sources such as coal and electricity import.
 - Continue to support the development of renewable energy sources.
- b. Invest in critical economy-wide energy infrastructure
 - Intelligent Energy Systems (IES) to allow consumers to make informed choices about their energy consumption and develop.
 - Jurong Island as an energy-optimised industrial cluster.
- c. Step up measures to promote energy efficiency in industry, buildings and transport.
- d. Price energy to reflect real costs and constraints — to study how best to implement a carbon pricing scheme in anticipation of future carbon constraints should there be a global agreement on climate change.

6. Enhance Land Productivity to Secure Future Growth

- a. Plan ahead for a new, vibrant waterfront city, size comparable to Marina Bay by rejuvenating existing port land at Tanjong Pagar, after the expiry of the port lease in 2027.
- b. To study, under the Concept Plan 2011, the feasibility of a consolidated port at Tuas in the long term. If feasible, it will increase port efficiency by allowing the port to achieve greater economies of scale in terms of land and operations, and free up existing port land to support new economic activities in the future.
- c. Increase land productivity and inject greater land use flexibility — intensify land use to support new and higher value activities; progressively rejuvenate of [sic.] mature industrial estates; and adopt greater flexibility in land zoning.
- d. Enhance diversity of business locations to support a range of enterprise needs — introduce new locations for headquarter functions and new industries in Jurong Lake District and Kallang Riverside Precinct respectively
- e. Invest ahead to create new underground spaces — develop an underground master plan, and create basement spaces in conjunction with new underground infrastructural projects, especially around our transport nodes.

7. Build a Distinctive Global City and an Endearing Home

- a. Attract and nurture a diverse pool of talent and develop thought and practice leadership
 - Provide talent here with opportunities to develop new peaks of excellence in diverse fields (e.g. arts, design, fashion, sports science) by developing or attracting new world class institutions and programmes.
 - Groom corporate and professional leaders by bringing in top-quality post graduate institutions and major corporate universities.
 - Adopt a talent-centric approach to attracting top quality people by providing agencies with more flexibility.
- b. Make Singapore a leading cultural capital
 - Create affordable spaces and incentives for the development of creative arts and design clusters.
 - Rejuvenate the Singapore Civic District as a premier arts and culture destination by strengthening programming, marketing, and linkages between cultural institutions in the district.
 - Develop artistic, professional, scholastic and technical capabilities in the arts, including development of reputable degree and research programmes.

- c. Provide the best quality of life in Asia
 - Host more pinnacle international events.
 - Develop economically and socially vibrant districts through active place management.
 - Create highly-liveable precincts through new urban planning solutions and establish eco-precincts to model cutting-edge sustainable development strategies.