

THE ECONOMIC CLUB

O F W A S H I N G T O N, D. C.

Executive Conversation

Minister Gan Kim Yong

Speaker

Gan Kim Yong

Minister for Trade and Industry (MTI)

Republic of Singapore

Moderator

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BARBARA HUMPTON: Good afternoon, everyone. I'm Barbara Humpton, CEO of Siemens USA, and very proud to serve as chair of the Global Initiative in The Economic Club of Washington. And it is my absolute pleasure to welcome Minister Gan Kim Yong, minister of trade and industry for the Republic of Singapore. And we are going to be having an outstanding conversation.

We'll begin in just a moment with some commentary from the minister, but I just want to pause for a moment to reflect on the state of trade between our two countries. Did you know there are nearly 6,000 U.S. companies based in Singapore, and that Singapore's investments in the U.S. account for more than a quarter million U.S. jobs? And, of course, Singapore continues to offer a tremendous business environment for other international companies.

Now, Minister Yong was appointed in 2021. And he came to this position with a really outstanding career in government, but also in the private sector. And so, Minister, I know you've been working to identify some new growth sectors. You've been having productive meetings here in the U.S. And I look forward to asking you questions that I'm sure are on the minds of our Economic Club today. But first, I know you'd like to start with some opening remarks.

MINISTER GAN KIM YONG: Let me – let me have a drink. [Laughter.]

MS. HUMPTON: Perfect.

MIN. GAN: The mic, very loud. That seems to be so. Firstly, let me thank you for inviting me to The Economic Club. I'm here in Washington, D.C. primarily for the 20th anniversary of the U.S.-Singapore Free Trade Agreement. [Applause.] Thank you. Not many of you know how the free trade agreement started. It started from a golf game between my Prime Minister Goh Chok Tong and then-President Bill Clinton. I think because it was at night, and there was suffering from jet lag, they couldn't sleep. So, they decided, why not, let's play a round of golf. And it was about to rain. So Prime Minister Goh Chok Tong was thinking, maybe we should cancel the game, but decided nevertheless let's just go to golf course and see how it goes. You see, golfers are perpetual optimists. [Laughter.]

So, there they were, turned up in a golf course. And actually the rain stopped just before the tee off. And they were very happy to finish a round of golf, and decided it was such a good outcome of golf – of course, who wins I won't tell you. But with such a good outcome, they should start to negotiate the U.S.-Singapore FTA. That's how it started.

MS. HUMPTON: [Laughs.] Fantastic.

MIN. GAN: And now it's 20 years. When we look back, other than the trade figures that was mentioned just now, actually not many of you would know that U.S. has a trade surplus with Singapore. And we are very happy to have that surplus. We are not about to file the Section 301. [Laughter.] Not to worry. So we want to continue to work with the U.S. to see how we

can continue and to strengthen our collaboration bilaterally as well as in the multilateral platform.

Looking forward – looking ahead, I think there are a few things that I would like to share with you, some observations of the changing landscape since we started the FTA negotiation 20 years ago. I think first there is significant reorganization of alliances. In the past, 20 years ago when we started FTA negotiation, many countries are working on free trade, working on reducing trade barriers to facilitate trade and investment. And many countries benefited from that. Increasingly, if you look back the last few years – with the conflict in Ukraine, the war in the Middle East, and U.S.-China tension, I think things are beginning to change. There is really a reorganization of alliances in the trading environment.

Secondly, there is a restructuring of global supply chain. I think all of you are very familiar - friendshoring, onshoring. This will create a reorganization of the global supply chain. And today many businesses – Siemens included – all over the world, and their supply chains, are integrated. And to reorganize them poses significant challenges. And at the end, if you don't do it carefully you will add cost to the global economic system. And, thirdly, there is also a reallocation of priorities. Increasingly, security – national security has been a key consideration. Sometimes it overwrites economic consideration. And the result of this is that you are going to see a lot more export controls, import controls, even restrictions on technology and trade.

So these are the trends that we are seeing over the last few years. And I think it's going to continue for quite some time to come. But at the same time, we must ask ourselves, so what do we do? How do we respond? Particularly for Singapore, as a very small country, open economy, we depend on trade for our growth and development. And the free trade has been beneficial to us, despite the fact that we have a trade deficit with the U.S. It's still very beneficial. I think, first, let me share some of my thoughts.

First, we will need to build on our shared interests, focus on deepening our collaboration that we already have, and expanding the areas that we can work on. Between U.S. and Singapore, for example, we established the Partnership for Growth and Innovation, PGI, between my ministry and Department of Commerce. And this, PGI, focus on innovation efforts and how we can collaborate in innovation, including AI and various technology. Then last year, we had the inaugural Dialogue Session on Critical and Emerging Technology. That's between Singapore and the NSC, National Security Council. So these are the platforms that we are developing, evolving.

And if you look back, we were able to develop these two very important platform partly because we have had the FTA for 20 years. And over the 20-year journey we build trust, understanding, and we know how each other think. And we are able to trust one another to develop new platform for collaboration. And PGI and CET dialogue are not the traditional FTA that we talked about. And at the same time, FTAs are still very important.

So, within ASEAN¹ – Singapore is a member of ASEAN – within ASEAN we have also been pushing ahead with FTAs. So ASEAN have just renewed, upgraded their FTA with

¹ The Association of Southeast Asian Nations is a political and economic union of 10 states in Southeast Asia.

Australia and New Zealand. We are now expanding our FTA to include Canada. There's going to be a new FTA between ASEAN and Canada. Secondly, beyond these traditional FTAs, we will also need to think about new models of collaboration, evolve new platforms for us to work together.

You know, Pacific Economic Framework for Prosperity is one such platform that we developed. It is difficult challenge, because you must – imagine that it's a collection of countries from Asia-Pacific, including U.S., and they are all at different levels of development, at different levels of – stage of readiness to collaborate. And there were different interests and different concerns. But over the last one to two years, we have been working very hard to forge consensus. And we have now completed our pillar on the supply chain. And we are going to sign two agreements on clean economy and fair economy sometime later – early next month.

So I think we have made progress. Of course, we hope that at some point in time we will also have the trade pillar completed. But we do understand there are challenges. And in the right – at the right time, I think we will have the trade pillar. So I think these are new platforms for collaboration. And I must make a sales pitch. Next month, 5th and 6th of June, in Singapore we are organizing the first inaugural Investor Forum on Clean Economy. So we are bringing together projects, as well as investors and financial institutions, together in Singapore to match the projects with funding. This is very important. And is tangible benefit from IPEF,² because it helps the countries in IPEF to push ahead with their development plans and to help them, facilitate them in their journey towards a sustainable future.

So these are areas that we are working on, on new models of collaboration. But for such new models to work, you know, I always tell my guys, you can negotiate whatever you want to negotiate. But eventually, it's the businessman that makes the money. And you can have a lot of agreement, by if the businessmen are not investing, not trading, then the agreements are not very useful. So I encourage businessmen, and all of you here – many of you here who are businessmen – please think about how you can tap on these agreements. And in Singapore, we have an agency that helps businesses to tap on these – all these agreements, with advice on which is the best for you. So if you're in Singapore – like Siemens, you're in Singapore – do talk to us. We will help you tap on the most advantageous agreement.

And this brings me to the third and final suggestion that I have in responding to these changes in the landscape. And that is for all of us to really actively seek out new areas of collaboration and new areas of opportunities. And there are two in my mind. The first one is on sustainability. I think sustainability and climate change is a new and emerging sector. And there'll be new industries that are going to develop, are going to emerge. There'll be new skills that we require, new services that will be in demand.

So I think particularly I want to talk about renewable energy. I think over the next five years, ASEAN alone is going to see a 7 percent growth per annum in terms of renewable energy. Perhaps, and we would really like to encourage you to work with U.S. – with Singapore, because

² The Indo-Pacific Economic Framework for Prosperity is an economic initiative launched by U.S. President Joe Biden in 2022. The framework launched with fourteen participating founding member nations in the Indo-Pacific region with an open invitation for other countries to join.

under the partnership of U.S.-Singapore Climate Partnership, this is something that we are pushing ahead with. And we will invite – very interested in your input on what are the things that should go into the partnership? How do we make the partnership work for you, so that it will meet your needs in investing in green energy? We have completed the feasibility study on regional energy connectivity in ASEAN, phase one. And we are going to embark on phase two pretty soon.

Another area that is quite critical, and I talked to some of the colleagues earlier just now, is in the digital economy. I think digitalization has picked up speed. And we used to have a physical meeting. Now we have Zoom meeting. And I think soon you will have a Zoom lunch. [Laughter.] And we – you may not believe it. There was a day when we have a board meeting one of the boards in Singapore. It was – it used to have a board lunch and meeting. And because COVID-19, we couldn't have a board lunch. So we said, OK, we'll have a Zoom lunch, but we will Uber the lunch to every one of them. [Laughter.] But unfortunately, in the board meeting, there was a board of directors that is resident in U.S. So we have to apologize and say, well, we owe you one. We'll send you a meal ticket. [Laughter.] You can go to McDonald's and help yourself. [Laughter.]

So I think this digital economy is going to be a key gamechanger. And I think my worry is that many of us are not quite ready for this revolution. And it is important for us to move quickly ahead of on this, particularly in the regulation and governance of digitalization, of digital economy. I think all of us talk about e-commerce, this and that, but there are a lot of other issues involved, including data privacy and so on. Needs to be sorted out. But my sense is that while we are discussing, negotiating, and sorting out, the digital economy itself is moving ahead. Because there's economic impetus for the digitalization to happen. So I think it is important for us to sit down very quickly to deal with this emerging technology.

So Singapore has entered into a digital economy agreement with many countries. We have one with Australia, New Zealand, Chile, Korea, and U.K. And we are about to enter into one with the EU. We are in the midst of a negotiation. So I think we are moving ahead. The advantage of this digital agreement is it lays down the rules and the governance, as well as interoperable protocol. So I think it is important for countries around the world to come together to see how we can develop this bilateral or multilateral digital economy agreement. I think this may be a relatively sensitive topic in the U.S. context, because data privacy is something that's very difficult to deal with. But I think in time to come, we should be able to overcome these challenges. And we can start by thinking about some of the possible pilots that we can do, small scale, so as to test the system. This way, we can then be more confident in moving ahead.

Among all these I think there are many opportunities, whether it's the green economy, digital economy. But I would imagine that one of the key challenges that all of you have in mind – in your mind is the relationship between U.S. and China. And I will talk more about this later on. I will save it for later. But suffice to say, that I think all the trading partners of U.S. and China all want to have a stable relationship between U.S. and China. And instability, uncertainty, is something that businesses all need to have. So I think difficulties, challenges, costs, all these are manageable. But uncertainty is something that I think businesses would

rather not have. So I think a stable and certain relationship is something that is very important for countries in this region.

And there will be opportunities in the region to exploit many of these emerging technologies. And Singapore is well placed to help U.S. companies. As you said, we have 6,000 companies operating in Singapore. Many of you here already have a presence in Singapore, and I look forward to continuing working with you. Someone asked me just now, I think, Gary, what are your tax incentives that you are prepared to give? [Laughter.] And my answer is always this way. Don't worry about tax incentive. You come and talk to us, we will ask you, what do you need? And then we'll figure out how to make sure that you will invest in Singapore, or give you an offer that you cannot refuse. [Laughter.] Within limits, of course. [Laughter.]

So I was trying to talk to Gary about setting up a CES in Singapore. You said, Singapore too small. [Laughter.] Yeah, we'll continue to discuss. Singapore is very small. We are slightly smaller than New York. But we hope we, together with ASEAN and the Asia-Pacific, we have a huge market. You may know Taylor Swift, was in Singapore. [Laughter.] And some – quite a lot of our neighbors also think that Singapore is too small for Taylor Swift. But eventually we did have Taylor Swift with us. [Laughter.] Yeah.

So in conclusion, let me – let me say that we – today we are operating in a very challenging and uncertain environment. But there are also many opportunities for us to do business together, and to also grow together. So I really look forward to partnering some of you across new opportunities in the region. And economic relationship between U.S. and Singapore will continue to deepen and broaden, bringing benefits to Singaporeans and Americans. Thank you very much. [Applause.]

MS. HUMPTON: Thank you. Thank you, Minister.

And just I want to illustrate to you the importance of this smaller than New York country that – in this global economy. The Siemens Corporation, headquartered in Munich, Germany, annually runs a competition for country of the year. Now, Siemens USA is 25 percent of Siemens' business globally. But who won last year? Singapore. So, yes, a stellar, stellar player on many stages.

MIN. GAN: Thank you.

MS. HUMPTON: Thanks for the for the overview. Thanks for framing up the situation that we're in now. I'd love to bring the trade agreement to life. As you look back over these last 20 years, are there particular accomplishments you're proud of?

MIN. GAN: I think I wouldn't say it's my accomplishment, because in Singapore we work as a team. I think the biggest challenge – to put it the other way – is a battle against COVID-19. I think at that time, unfortunately, I was a health minister. I wish I was the trade and industry minister. [Laughter.] So I was in the health ministry. So we were right at the forefront. But I was very fortunate because I had a very good team, a very strong team. And this is a team of ministers. So I wasn't alone. We have a ministerial task force that oversee the response to

COVID-19. So I was the chairman. So I chaired the ministerial committee. And Lawrence Wong, who is our, Singapore's next prime minister, was my co-chairman. So two of us worked together to see how we can manage COVID-19.

And I think our instruction from our prime minister, Mr. Lee Hsien Loong then, was very clear. You must minimize the loss of lives, but you must also make sure, minimize the loss of livelihood. So our motto in our ministerial task force is save lives, save livelihood. So it's a balance of between lives and livelihoods. So I think all of you have gone through that. There are a lot of challenges. And we thought, it's difficult to lock down. We had one lockdown. But it turned out that it's a lot more difficult to open up. Because every time you open up, the inflation goes up, and you try to figure out what to do. But I was very fortunate to have a very strong team of ministers working with me to deal with the situation. And I think that experience was one of the most, how should I say, most rewarding, in the sense that we were able to forge a very strong bond among the team.

And it's not just the ministers, because with the ministers, we can discuss and make decisions. By the end, it's the executives, the officers on the ground that had to deliver. And we were also very fortunate to have a very strong team of executive officers that were able to implement all the measures right on the dot, specific to the instruction. Because, you can imagine, when we decided to close down the border, you have to decide which country to close down, how to identify where you come from. You might have transferred from somewhere else. How do I track you?

And, you know, Singapore Changi Airport – if you have been to Changi Airport, it's a huge place. And how do we make sure that they don't intermingle? So these are challenges that we just tell the officers, you figure it out. So they figured it out. So we have very good team of officers on the ground. And that's how we manage it. So I think that experience has helped us to forge a very strong bond among the team.

MS. HUMPTON: Well, I want to turn our conversation to this tough topic of relationships between the U.S. and China, and how that impacts Singapore. And you're obviously a trusted trading partner of both countries. How are you navigating the relationship that currently exists? And give us a perspective of what this looks like from Singapore.

MIN. GAN: I see my ambassador smiling. Maybe I should ask him to answer the question. [Laughter.] This is a very difficult question. It's somewhat a trick question. [Laughter.] But I must say that U.S. and China has the most influential relationship, most consequential relationship. The relationship between U.S. and China affect not just the two countries, but the rest of the world. And, therefore, I think Singapore, like many other countries, are watching the development of this relationship very closely.

I think from Singapore's perspective, we have come to the conclusion that the competition, contestation between the two will continue. And it will probably intensify over time. But that is not the most worrying part, because Singapore is very used to competition. We are open economy, compete with everybody in the world. And so competition is not the most worrying part. I think what is more worrying is the relationship and the trust and understanding

between the two. So I think it is – it will be useful to encourage both sides to continue to have dialogue, engagement, so that while you compete there is an understanding on where you are and what you are doing, so that there's – so as to minimize misunderstanding and misinterpretation of the intention. I think that is very critical.

So I'm happy to see that the contact has resumed. And I hope that this will continue. And in fact, will continue to grow, so that you have multiple channels of communication. And in this regard, I would imagine that businessmen also play a very important part. Siemens, for example – sorry, I keep referring to Siemens – you have –

MS. HUMPTON: That's OK.

MIN. GAN: You have a lot of – this is a free advertisement. You do have a lot of presence in China as well. So I think if you are able to be the interlocutor, talk about how you can improve the relationship between the two so that you can compete on a fair and a reasonable basis. So I think that will benefit all of us.

But at the same time, there are also areas and challenges, particularly global challenges, that I think you need everyone to be on board. One example is climate change. So I think you need both U.S., China, and everybody else in the world to be on board this climate change, so that we are able to address the issue with a global solution. And Singapore is at the brunt of it, because we have a very limited renewable energy. And so I'm very keen to talk about renewable energy as a project. And we rely primarily on natural gas. And we have solar. But solar, when we cover every inch of our island – which is not very big – it provides less than 5 percent of our energy needs. So it really is not sufficient.

So we are looking at import of electricity to solve that problem. But, of course, import is not cheap. It's costly, because you need the cables – long-distance cables. And therefore, it is something that we are prepared to invest in, because we want to be responsible, to act responsibly in terms of climate change. We made a commitment at the climate summit on our target to reach zero emission, carbon neutral, by 2050. So I think this is something that we work very hard towards. And we want to make sure that everyone else come alongside as well.

One particular issue that national trade industry is very unhappy with is that we have a carbon tax. Singapore is the first country in Asia to introduce a carbon tax. But, of course, my environment minister is very happy because it sends a signal to the industry that, guys, you know, the writing's on the wall. We are serious about climate change. You better buckle up and make sure that you transit to a more sustainable model, because otherwise carbon tax will begin to bite. And we not only announced the carbon tax, we also announced the – [inaudible] – or increase of the carbon tax over the next few years. Just to make sure that you don't miss the message.

So I think this is the way we do. And Singapore, of course, from Ministry of Trade Industry, I must defend the industry. And CEO, you know, must give us time, this and that. But eventually, collectively, we made a decision that this is the right thing to do. And painful as it may, we will have to proceed with it. And we said – we do what we said. We have actually

introduced the carbon tax. And the first increase has already been implemented early this year. And I think –

MS. HUMPTON: And what's been the impact?

MIN. GAN: Well, we are working with industries. Today, the tax rate is still very small, and we give them time to adjust. But I think the key is that the notice is on the wall. So you better move. And what we promise is that we are going to help you transit. If you need to invest in decarbonization technology and so on, we're happy to support you. Because the revenue that we collect from carbon tax, we're going to plow it back into investing – helping industries to invest and to decarbonize. So I think because we are serious about this and we are bearing the cost of decarbonization, it is important that whole world comes along as well. This way, then we can achieve our target together.

MS. HUMPTON: I just want to applaud the work that Singapore is doing in a leadership role – [applause] – to help with this transition. And I recognize, this is a really tricky issue politically, but I think history is going to show that those who recognized the financial impact of not adapting are actually doing a service for us, because businesses everywhere need to make their business case. And having the financial aspects factored in is going to help us move the business equation along.

Now, it's interesting because – I had the privilege of attending the Sydney Energy Forum a couple of years ago. And ASEAN plays a key role in diversifying the supply chains for the renewable energy field. And so here we are. We've got a world that was disrupted by COVID, supply chains that were broken, the need for more resilience in the supply chain. Everybody's talking about glocal – doing things more locally, but taking advantage of global innovation. How is all of this affecting trade? And how are you adapting to the changing supply chains?

MIN. GAN: I think the supply chain will continue to reorganize itself because of the glocalization, that you coined. I think we do understand that there are challenges domestically, and there are security concerns. You want to ensure that your supply chain is resilient. So all these are factors you need to take into account. But there is also an economic case, even with glocalization you need to optimize your supply chain.

Singapore has been a hub for almost everything. We are a hub for tourists. We are a hub for financial services. We are hub for shipping. And we're a hub for communication, data flow, and everything. So we also want to be a hub for supply chain, which we already are. Many of your companies are in Singapore, which play a very significant role, as a node – as a critical node in our global supply chain. And we want to continue to do that. And the way to do that really is for Singapore to continue to remain a trusted partner, a trusted supplier in, you know, supply chain.

I give you an example. During COVID-19, many of the ports around the world were shut down because workers fall sick and they are not able to deliver the cargo. But in Singapore, we make sure that the port and the airport – both seaport and airport – operate 24/7, to make sure that we deliver the goods that the customers, businesses need to meet their obligations. So I

think we want to demonstrate that we are a reliable partner. When you have your business with us, we'll make sure we deliver our promises.

So I think that way it gives you confidence that we can be a node in the critical supply chain. So I think this is how we try to carve out a niche for ourselves in a global restructuring of supply chains.

MS. HUMPTON: Now, I want to make sure that if this room, this Economic Club of Washington, wanted to contribute to correcting this imbalance in the trade – in our trade – our global trade, how could businesses here go about increasing their engagement?

MIN. GAN: I would encourage you to talk to our ambassador here. He will give you all the information that you need about investing in Singapore. And we will be very happy to welcome you to come to Singapore. And Economic Club can organize a mission, maybe have a session of Economic Club, a dialogue in Singapore, with our support.

MS. HUMPTON: You mean, at CES Singapore? [Laughter.]

MIN. GAN: Yeah. [Laughs.] So I think we'll welcome you. And don't worry about tax incentives, and this and that. We will – we will design the schemes that you need. Because we have a lot of schemes. Governments are like that. All kinds of schemes. I know, because the first time – first day on the job as minister of trade and industry, a lot of companies asked me, what are the schemes that you have that I can tap on? It is very complicated to explain to them 20 schemes. By the time we reach 15, they forgotten what the previous ones. So I told them, don't worry. You just come to us. If you have need, and your needs are justified, we will find a scheme to suit you. If we don't have a scheme, we will design a scheme to suit you. So that's how we are pro-business. We want to lean forward to support the businesses to make sure your businesses are successful in Singapore.

But I also want to encourage you to think of your investment in Singapore not just for the Singapore market. The Singapore market is very small. By all imagination, we are a very small country, very small island. But our proposition is really Singapore as a gateway to the Asia-Pacific region, particularly ASEAN. And ASEAN, all of you will know, is a fast-growing area. And it has stability, political stability. It has economic growth. And it has potential for the next 10 to 20 years. So I will encourage you to look at Singapore as a gateway, as a stepping stone to the rest of Asia and ASEAN. And if you need any help, talk to our ambassador. Or you can email me. I always tell my businesses to email me directly. So we will take it up with you. Not to worry.

Gary, you can email me too. [Laughter.]

MS. HUMPTON: We're making news, everybody. We're making news. Listen, thank you so much. And thank you for being so approachable. I've learned something here today that's really got me thinking. I mean, if that original Free Trade Agreement began on a golf course, everybody recall that we've got the Solheim Cup coming to Washington, D.C. this September.

What a great opportunity for us to refresh some trade agreements and truly lay the foundation for 20 years of future business.

What I want to do now is open the floor up to members of the audience who might have questions. And Gary Shapiro – [laughter] – of CES and the CTA would certainly – I'd welcome you to kick off with our first question.

Q: Thank you, Barbara. Thank you, Minister, for these great remarks.

And Singapore is definitely swinging up. Could you answer three questions for me?
[Laughter.]

MS. HUMPTON: Three? Wait, in 17 parts? No. [Laughs.]

Q: No, they'll be quick questions, I promise. First of all, what is it that, other than a carbon tax, which is Singapore's biggest challenge? Second of all, what is the biggest challenge to doing business with the U.S.? And, third of all, when your minister played golf with Bill Clinton, did he give mulligans? [Laughter.]

MIN. GAN: We just have to decide the result, the score, before the game started. [Laughter.] On the first question, there are challenges Singapore would face, like many other countries too. We have a limited market, as I mentioned. Our workforce is also very limited. So we would not be able to accommodate labor-intensive industries. So we will have to decide which are the industries that we need. Energy is also short. And therefore, energy-intensive industries we would be – have to take a second look.

But we are very keen to look for solutions. I gave an example. We are very keen to attract datacenters to Singapore. And I think every country is attracting datacenters to their countries. And I remember talking to some of the platform operators who want to put a datacenter in Singapore. So my response to him is that, please don't put it in Singapore. And they said, why? Everybody wants, why does Singapore not want? So I said, I don't have the power that you need. But please put it in Batam, which is next to Singapore, that belongs to Indonesia. Or, put it in Johor, that belongs to Malaysia. Then you connect up with Singapore.

Then, you have an entire ecosystem. You benefit from green energy that they have. And so that we can preserve our energy for other datacenters. And we are also looking at datacenters – there are datacenters and there are datacenters. And we want to focus on datacenters that are more strategic, more critical for business growth, and not the usual storage. Because datacenter is a warehouse of data. So, we want to make sure that datacenter is strategic and high value in terms of the data and the operation it runs. So these are the things that we are rethinking, how can we reorganize ourselves to address challenges that we are facing? So whatever challenge you have, tell us and we are very excited to solve these challenges.

What was your second question? Sorry.

Q: What would be your challenge in terms of doing business with U.S.?

MIN. GAN: Oh, OK. Doing with – working with the U.S., we have always had a very good working relationship. And but, of course, U.S. is a very big country. Singapore is very small. So that is – the imbalance is very difficult to manage. But we are able to talk to each other on equal footing. But what is more important is that we need to understand each other's concerns are very different. As a small country, open economy, in the midst of ASEAN, we have a lot of opportunities, but we also have challenges. And U.S. is maybe the exact opposite. You have a very huge, large country. Your concerns and the opportunities are also very different.

So I think the way to solve this difficulty is really to have a frank and open discussion. So I'm – usually I would spend time with my counterpart, whether it's Gina or Katherine Tai, sometimes over a formal discussion with all officials. But it's very difficult to talk about some more intricate issues, more sensitive issues. So sometimes, from time to time, I bring them to – [inaudible] – in Singapore. And during the – during makan [ph], we call it, then we will say, you know, these are the issues, and then can we work something out? So I think this is how we try to solve problems, overcome difficulties. Sometimes it's unconventional way. But it works, particularly for Singapore and other countries.

MS. HUMPTON: Do you have a special visitor, a good representation from the U.S., coming to your June gathering?

MIN. GAN: We have regularly, and we do have some U.S. secretaries coming to Singapore. I won't tell you who until the secretary is prepared to announce. But we do have –

MS. HUMPTON: Until the secretary is prepared to announce?

MIN. GAN: In the right time – at the right time. So I think we are planning to have an IPEF ministerial meeting in Singapore. So some of the ministers in the region will also be gathering in Singapore in conjunction with the investor forum.

MS. HUMPTON: That's wonderful. I'm looking around for more questions from the audience. And while you all are waiting and getting your microphone, I've got to ask you about Taylor Swift.

MIN. GAN: Yes.

MS. HUMPTON: I mean, right? It's a force to be reckoned with, the economic impact. Tell us about it.

MIN. GAN: This you must ask the younger generation. [Laughter.] I have also no idea why – [laughter, applause] –

MS. HUMPTON: Aren't we all Swifties?

MIN. GAN: I'm being honest. I have no idea why she's so popular. [Laughter.] But she is very popular among young adults. She is very popular. You know, my generation, we – our

singers are of a different genre. So I think – but it's very popular in Singapore. And I think it speaks to the hearts and feelings of many generations, young and old. So, you see different groups of people queuing up. And for Singapore, I think our main attraction is really the ease of transport, the ease of connectivity. So, a lot of her fans and her audience actually flew in from around the region to attend the concert. And that's why it's very popular and very successful.

MS. HUMPTON: [Laughs.] We're thrilled for you. That economic bump. Yes, we have a question.

Q: Yes. Good afternoon, Brett Scola with RSM US LLP.

Many family offices, as they look for putting their offices in global presence, are or have considered Singapore. Can you share any comments on why family offices should consider Singapore as an office or headquarters?

MIN. GAN: Yeah. Thank you. I think one key consideration that these family offices have in their mind is the Singapore system is very transparent. The rules are very clear. So you comply with the rules, you will set up your family office in Singapore, and that's that. And Singapore also, as a node in Asia, there are a lot of investment opportunities for your funds to be based out of Singapore, so that you can invest out of Singapore. So I think this way, and also partly because of the connectivity. So, we are going to invest in the region. I think Singapore is a very good place for you to be in, because we have connection to everywhere. We even have direct flights to New York, more or less 18 hours.

But this is something which is very important. And when you talk about businesses like family office or Siemens, actually it is not just the family office or the company, but it's an entire ecosystem. So, we are already a financial center. And we already have very high standard legal services. So, I think for these family office, they are all looking for these high-quality services, consistency, transparency, so that they are quite confident in the money that they put in Singapore will be safe, and the convenience in investing out of Singapore. So I think these are the key attraction for these family services offices.

MS. HUMPTON: Thank you. Thank you. Any other questions? Yes, we have one right up here.

Q: Hi, Minister. Thank you so much for the excellent discussion and talking points. I'm Andrew Sollinger with Foreign Policy magazine. Not a journalist, so you don't have to worry about being quoted with your answer.

Obviously, Singapore has an opportunity with what's happened in Hong Kong. And a lot of fantastic organizations have taken advantage of that. A dynamic that has sprung out of that is the cost of living in Singapore, and real estate prices in particular. I'm happy to tell you that I have actually recently hired someone from Singapore who's moved to the U.S. because of that. And I was curious how Singapore is addressing this. This is obviously a problem the world over, not just in Singapore. But a very important point when it comes to staffing and resources in the region.

MIN. GAN: Thank you very much. I think, from Singapore's perspective, we do want our Singaporeans to have good salary. If U.S. is able to pay him higher, that's good too. But I think that we have to accept that Singapore, with our limited land and limited manpower, we cannot be a cheap place to operate in. So, I mentioned that if you are labor-intensive industry, it's very difficult for you to be viable in Singapore. So despite the high level of cost that Singapore is seeing today, what we want to mitigate the cost is to offer you a very efficient government system, a very transparent regulatory system, and a very established and enhanced, entrenched infrastructure that will allow your business to operate smoothly, successfully, that no other countries can equal.

So, I think, despite the costs, it will make your investment in Singapore worthwhile. So that's our main selling point. If we are going to compete on Singapore being cheaper than Hong Kong, cheaper than Abu Dhabi, I think it's going to be very difficult. And eventually something will have to give. So, I think we have to continue to maintain Singapore's efficiency, productivity, and the forward-looking government policies and regulations. This way, then we make Singapore a very attractive place for business.

MS. HUMPTON: We were having a conversation – oh, we do have a question here at the back.

Q: Yes. My name is Alfonso Guzman. I'm with JPMorgan. Thank you, Minister, for your time today.

I know prior to your current role you were also at the helm of the Ministerial Committee on Aging, which is very quickly becoming a hot topic in many more high-income countries. So can you give us some insight as to how you were able to work through that in Singapore, and maybe some advice you would have for other countries that are seemingly going to be challenged with an aging population relative to others?

MIN. GAN: Thank you very much. You're very kind. My portfolio is health minister in charge of aging. But many people call me the aging minister. [Laughter.] So I have to repeatedly correct them. No, I'm minister in charge of aging. [Laughter.] But I think this is a problem that every country is facing. And I've even visited many countries to find a solution. And very often when I arrive at a country, they keep telling me, you're at the wrong place because we don't have a solution. And eventually, we decided that we have to find our own way out of this problem. But to take one step back, what is aging? When I was the health minister and in charge of aging, I was in the WHO, World Health Organization, talking about the aging population. So I made a proposition. I said, today seniors are classified as 60 years old. So how about we define it as 70 years old? Then immediately, our aging population becomes halved. That solves the problem. [Laughter.]

MS. HUMPTON: Seventy is the new 60.

MIN. GAN: Yes.

MS. HUMPTON: I love it.

MIN. GAN: And, in fact, that was half in jest, but that was not intended to be a joke. Because aging is a number. What matters really is your functionality, your health. If you are – like 70 is the new 60. If you stay as healthy as 60, then 70 is not a problem. So therefore, we need to focus on solving the functionality and the health issue, not the age issue. Age, you can't stop. You can have cosmetics and so on, but it doesn't stop aging, right? So, I just have to say that we have discovered that, you know, forget about the age, focus on the health.

And that is why now we introduce a program called Healthier SG, Healthier Singapore. We start from young. We enroll everybody into the program. Now you go to see my doctor in Singapore, or Singaporeans. If you're not, they wouldn't have this program for you. The Singaporeans go to the doctor. A doctor would ask you, what did you eat yesterday? Did you have enough exercise last week? If you don't, they will prescribe social intervention. You must do 10,000 steps a day, et cetera, et cetera. The idea is to incentivize them to keep them healthy.

But this is harder than it seems, because just simply telling them doesn't work. Because today, or previously, the doctors are paid every time you have a problem. If you are healthy, they don't get paid. So, doctor's incentives – they tried very hard to do the right thing, but financial incentives are not aligned. So now we have flipped it around. We say that we're going to pay you a sum of money for the number of patients you look after. If they're healthy, you keep the money. If they're sick, you use that money to pay. If not enough, that's your problem.

So, this way, we make sure that the doctors interests are aligned. But I must tell you that this is still work in progress. We need to do this in steps. We need to restructure the primary care system. We need to restructure the health care system, including the financial payment system, and step by step as we move towards a Healthier SG, so that we are able to minimize the impact of aging. Not just the number, but the effect and the impact of aging. I hope that answers your question. Thank you.

MS. HUMPTON: Thank you. Do we have time for one more? Are you all right, Minister?

MIN. GAN: Yeah. I'm OK.

MS. HUMPTON: OK.

Q: Hi. Usman Ahmed with PayPal.

Certainly, Singapore is a hub for international global businesses, but also a thriving small business landscape. And I'm curious for your thoughts on trade agreements and the policies that you've thought about that could be most helpful for small businesses.

MIN. GAN: Yeah. So, in fact, trade agreements are very important for small businesses, because they are not able to have global operation to optimize their supply chain. And therefore, if they operate in Singapore they need to have access to markets. This is how we help them. But trade agreements, as I explained earlier, once you sign a trade agreement it sits there. It doesn't do anything, unless you claim and you tap on it. So, we do – we have set up centers, what we

call SME centers, Small and Medium Enterprises Centers, to help these enterprises to see which are the trade agreements that will benefit you, to help you to export to these countries.

And for Singapore, frankly, we have very little tax, very little tariff. So to them, they are facing global competition today, even with or without the FTAs. So I think the FTAs will help them by gaining access to other countries. And not just tariff concessions, but also more transparent rules in terms of trade. So for them, it is a benefit, particularly for the SMEs.

MS. HUMPTON: Minister Gan Kim Yong, we would love to keep you here for the entire afternoon, but we know that you have other obligations, and Canada is next. Thank you so much for visiting The Economic Club of Washington.

MIN. GAN: Thank you. [Applause.]



Gan Kim Yong
Minister for Trade and Industry (MTI)
Republic of Singapore

Gan Kim Yong was appointed Minister for Trade and Industry (MTI) on May 15, 2021, with the key priority of identifying new growth opportunities to support Singapore's ongoing economic development.

Prior to his position at MTI, Mr. Gan was Minister for Health for ten years and Minister for Manpower for three years. His other previous appointments include Minister of State for Education and Minister of State for Manpower (October 2005 to March 2008). He also helmed the Ministerial Committee on Ageing to drive the formulation and implementation of ageing policies in Singapore, looking into matters such as active ageing, senior friendly infrastructure, and quality aged care.

Mr. Gan started his career in the Singapore Civil Service at the Ministry of Trade and Industry and the Ministry of Home Affairs. In 1989, he left for the private sector and joined NatSteel Ltd, where he held various positions, culminating in 2005 as the CEO and President.

Mr. Gan was awarded the Overseas Merit Scholarship to study Engineering at Cambridge University and graduated with a bachelor's degree (honors) in 1981. Mr. Gan subsequently obtained his master's degree in engineering from Cambridge University in 1985. Born in 1959, Mr. Gan is married with two daughters.