

## 2017 BUDGET DEBATE

**MR THOMAS CHUA, PRESIDENT OF SCCC,  
NOMINATED MEMBER OF PARLIAMENT  
6 MARCH 2017**

### **MTI: Forging an Inclusive Economy to Benefit SMEs**

Madam Speaker, Members of Parliament, good afternoon! This year's Budget has placed key focus on innovation and internationalisation in the future economy. The saying goes: A thousand-mile journey begins with the first step. With clear direction, the next step is to achieve this in the fastest way possible.

With regard to innovation capability, let us first look at what SMEs have done. Last year, the Chamber conducted a survey on innovation efforts of enterprises. A total of 233 enterprises took part, with SMEs making up 98.8% of respondents. Survey findings revealed that as investing in innovation may not lead to actual outcomes, less than one-third of respondents had invested in innovation over the past 2-3 years. Moreover, only 15% collaborated with public research institutes.

SMEs have a shortage of talent. Very few are able to recruit researchers to handle R&D. If they wish to improve their innovation capability, they need to strengthen the collaboration with research institutes. Moving on, we urge more local enterprises to leverage on the government's research resources. Technology innovation is not a matter of difficulty, but the crux is whether there are practical applications.

The Budget announced that A\*STAR is scaling up on the Operation and Technology Road-mapping initiative, to support 400 companies over the next 4 years. In other words, assistance would be forthcoming to 100 companies every year. Currently, Singapore has more than 188,000 SMEs. This is an astronomical figure compared to the 100 companies that would get relevant assistance within

a year. We hope that A\*STAR could work with the trade associations to develop technology applications that could be shared with certain industries. Making the benefits accessible to a wider group would assuredly be a more effective way of encouraging technology adoption.

With regard to internationalisation, the government has committed a \$600 million International Partnership Fund to help local enterprises invest in overseas markets. Normally, most funds pursue short-term returns. I hope that this International Partnership Fund would cast its sights for returns over a longer 10-year period or beyond that. Local enterprises which venture abroad to form joint ventures in other countries, or tender for projects, need to gear up on sufficient project experience. In November last year, I led a business mission to Myanmar, and we were warmly received by the Myanmar Chinese Chamber of Commerce. The Myanmar government also invited us to invest in their infrastructural projects. One of our delegates, who runs a local construction firm, said: “If we could clinch a substantial project in Singapore, this would give us greater confidence to bid for overseas projects.”

In order to boost the construction sector, the government is bringing forward \$700 million worth of public sector infrastructure projects. The government must allow local SMEs to participate in these projects and have the opportunity to become main contractors. Singapore SMEs which work with government-linked companies and MNCs could gain in experience, improve on standards, and chalk up a creditable track record. This could raise their competitiveness in the global marketplace, this, in fact, is the most effective way to help local enterprises internationalise.

Last month, Minister S. Iswaran and his team came for a dialogue at the Chamber; it was attended by trade association leaders and business representatives from more than 20 industries. Both sides engaged in a candid discussion. We discovered that businesses still have certain misunderstandings on how to tackle specific operational details. Moving ahead, we should organise more sessions for trade associations and industry associations to establish better communication with government officials, bringing these misunderstandings to a minimum.

Improving the competitiveness of local enterprises is our common objective. In order for this objective to be achieved, the government charts policies and offers resources; trade associations

participate and provide useful suggestions. Enterprises and entrepreneurs, however, assume the most important role. Innovation and internationalisation – basically this calls for a departure from one's comfort zone, the boldness to try out new things, and in the process, seek perfection. This is where enterprises cannot totally rely on external sources of strength but on individual hard work!