

**MR THOMAS CHUA, PRESIDENT OF SCCCI,
NOMINATED MEMBER OF PARLIAMENT
AT PARLIAMENT SITTING ON 7-10 NOVEMBER 2016**

Questions for Written Answer

GOVERNMENT ASSISTANCE TO HELP MICRO, SMALL AND MEDIUM BUSINESSES VENTURE OVERSEAS

- 1. Mr Thomas Chua Kee Seng** asked the Minister for Trade and Industry (Trade) (a) what has been the performance of Singapore's trade in services compared to trade in goods, especially in the context of the weak performance of the latter; and (b) how can the Government further help SMEs to export their services.
- 2. Mr Thomas Chua Kee Seng** asked the Minister for Trade and Industry (Trade) how can the Government better help the micro and small SMEs to venture overseas to tap a bigger market so that they can continue to grow.

Mr Lim Hng Kiang: Growth in Singapore's services trade has outpaced that of goods in recent years. Between 2010 and 2015, services exports grew by a robust compound annual growth rate of 6.9 percent, compared to a 0.1 percent decline in goods exports. While services exports growth has moderated since 2015, this was in line with the weakening global trade environment, and largely attributable to the slowdown in segments supporting goods trade, such as freight services. Growth remained resilient in segments such as insurance services, and telecommunications, computer and information services, which continue to see regional demand.

Singapore has a broad network of Free Trade Agreements (FTAs) and regional initiatives that help companies tap into external demand for our goods and services. For example, the ASEAN Economic Community (AEC) allows our services exporters greater market access to the ASEAN region with restrictions lowered in more than 80 services sectors. The AEC's continuing efforts to facilitate, protect and liberalise cross-border investments enable our companies to venture into the region at lower costs and with greater assurance.

Singapore also has a suite of assistance schemes that help SMEs internationalise and trade with overseas markets. This includes the Market Readiness Assistance (MRA) and the Global Company Partnership (GCP) schemes administered by IE Singapore. The MRA provides broad-based assistance to companies that are starting to internationalise, while the GCP provides targeted assistance to companies with a more established overseas presence. The GCP covers capability and manpower development, market access and financing. Over 80 percent of the beneficiaries of these assistance measures are SMEs.

The Government is also collaborating with Trade Associations and Chambers to help SMEs prepare themselves for overseas opportunities. The IE-SCCCI Singapore Enterprise Centre (ISSEC) in Shanghai which is a joint initiative between IE Singapore and the Singapore Chinese Chamber of Commerce & Industry is an example of such collaboration. Over the past three years, ISSEC has served more than 5,000 companies through outreach and advisory assistance, and provided research on emerging market opportunities in China. The companies assisted by ISSEC are

predominantly SMEs and micro enterprises. ISSEC will be going beyond Shanghai to help such firms build up market expertise and capabilities in other parts of China.

IE Singapore also has an extensive network of Overseas Centres internationally that provides targeted assistance for companies in both developed and emerging markets. These include helping them generate new business leads in Southeast Asian markets such as Indonesia and Myanmar, gaining entry as first movers in emerging markets such as Africa and Latin America, and identifying opportunities to enhance technology capabilities in developed markets such as the UK and US.

Companies need the right talent to embark on internationalisation plans - people who have global mindsets, exposure to international business environments, in-depth understanding of industries, and ability to navigate markets. To build a pipeline of global-ready Singaporeans for international roles, manpower development programmes are also in place. For example, IE Singapore's Young Talent Programme exposes students from universities, polytechnics and ITEs to internship opportunities in overseas markets, and equips them with foundational skills needed for international careers. SkillsFuture Study Awards for International Business are also given out to prepare professionals, managers and executives for international roles through various courses, market attachments and customised overseas immersion programmes.

GOVERNMENT ASSISTANCE TO SMALL AND MICRO BUSINESSES ON STAFF HIRE

3. **Mr Thomas Chua Kee Seng** asked the Minister for Manpower how can the Government better help SMEs, particularly the small and micro SMEs, to hire the staff they need as they attempt to transform and upgrade their businesses.

Mr Lim Swee Say: Taking a Whole-of-Government approach to help SMEs transform and upgrade, government agencies including SPRING, WSG, IMDA, BCA, STB and EDB, together with e2i, offer one-stop service under the Lean Enterprise Development Scheme (LEDS). The main scope of support covers development of new capability, new capacity and new markets. It also helps SMEs to meet their manpower needs by becoming more manpower lean and improving human resource practices. SMEs on the LEDS may also receive transitional manpower support to keep existing processes running while they transit to new, manpower-lean methods of production or service.

SMEs, particularly the micro and small SMEs, can also receive help from WSG to recruit PMETs through programmes such as P-Max and Career Support Programme. e2i has also developed Place-and-Train programmes for various sectors to help SMEs hire, train, and retain workers. To attract younger talent, SMEs can tap on the SkillsFuture Earn and Learn Programme to recruit local graduates from the polytechnics and Institute of Technical Education. SPRING's SME Talent Programme (STP) further supports SMEs' talent attraction efforts through quality internships.

In addition, WSG helps companies, including SMEs, in their recruitment through career fairs. As our economy makes the transition to become more manpower lean, we encourage SMEs to make full use of the support offered by LEDS and various agencies. They may approach any of the 12 SME Centres for assistance.

COORDINATED AND HOLISTIC HELP FOR SMES TO TRANSFORM

4. **Mr Thomas Chua Kee Seng** asked the Minister for Trade and Industry (Industry) how can Government agencies be more coordinated and holistic when helping our SMEs to transform in an environment where many SMEs may have immediate concerns of survival.

Mr S Iswaran: Singapore is facing a period of slow growth. Some sectors have been more adversely affected, such as wholesale trade and marine & offshore engineering. We are also seeing weakness in industries like food services and real estate, though there remain bright spots such as in the information & communications, education and health & social services sectors.

Against this backdrop, the Government is committed to supporting our SMEs in their growth and restructuring efforts. Our agencies have been working closely with industry partners such as our Trade Associations and Chambers (TACs), Centres of Innovation (COIs), SME Centres and financial institutions to reach out to and provide assistance to our SMEs. Our agencies have coordinated their efforts to address needs at the industry and firm level.

At the industry level, we have embarked on a \$4.5 billion Industry Transformation Programme where Industry Transformation Maps (ITMs) are being developed for more than 20 key industries. This involves a coordinated Whole-of-Government effort, in partnership with key industry partners and multipliers. Each ITM will be tailored to the needs of the industry. In developing the ITMs, the Government will examine the industry landscape, the future trends and needs to set out a suite of initiatives to systematically raise productivity, develop skills, drive innovation, and promote internationalisation, so as to catalyse transformation and achieve the stated vision of each industry. The ITMs are focused on providing more integrated assistance for companies across domains to ensure our industries can stay competitive in the medium term, and our workers get to secure and retain good jobs.

At the firm level, our agencies work closely together on initiatives to better support our SMEs to address their immediate needs such as in financing, as well as capability development and internationalization to position them for growth. In Budget 2016, we launched the SME Working Capital Loan (WCL) to help local enterprises access unsecured working capital financing during this period of slower economic growth. Under the WCL, enterprises can access a loan quantum of up to \$300,000 for their daily operations. There has been a strong take-up for the WCL, and over \$400 million in loans have been given to SMEs to-date.

The 12 SME Centres provide first-stop assistance through one-to-one advice and guidance to SMEs, spanning immediate needs as well as business plans for the medium term. From this year onwards (2016), the SME Centres will focus on enhancing business capabilities and driving the adoption of solutions, to ensure that the assistance provided translates to tangible business outcomes for the SMEs. Through the SME Centres, SMEs have access to support schemes across government agencies. This includes support for capability development and internationalisation. To help more companies with capability development, SPRING introduced a simplified Capability Development Grant (CDG) application process for grants below \$30,000 in 2015 to encourage more companies to take the first step to upgrade their capabilities in areas such as productivity,

financial management and human capital development. The response to this move has been positive. As at October 2016, more than 2,000 CDG projects have been approved.

Our TACs also play an important role as partners in providing assistance to SMEs. For example, through the TAC-led Collaborative Industry Projects (CIPs), TACs will identify and drive the adoption of solutions to address common industry-specific needs. Since the launch of the programme in 2016, five TACs have embarked on projects which are expected to benefit 600 SMEs.

More recently, we have taken steps to make our grants more accessible through the Business Grant Portal (BGP). This is an online application platform for businesses to apply for grants across different Government agencies. Through the BGP, businesses can easily find the relevant grants to support their business needs, without the need to approach multiple agencies. The beta version of the BGP was launched on 3 May 2016 with IE Singapore's Market Readiness Assistance (MRA) grant and subsequently BCA's Building Information Modelling (BIM) grant, and over 900 applications have been received thus far. The BGP will be launched soon, and businesses can expect more grants to be introduced onto the BGP progressively.

As we navigate the challenges ahead, the Government will need to work collectively with our companies, workers, unions and industry associations for successful economic transformation. It is critical that SMEs stand ready to embrace new technologies and business models, and on its part the Government will remain firmly committed in supporting our companies through this phase.

ACCESS TO GOVERNMENT DIGITAL INFRASTRUCTURE BY MICRO AND SMALL BUSINESSES

5. **Mr Thomas Chua Kee Seng** asked the Minister for Communications and Information how can the Government better help the micro and small SMEs to take advantage of the digital infrastructure of the Government to benefit their businesses.

Assoc Prof Dr Yaacob Ibrahim: It is increasingly crucial for companies to leverage infocomm technology (ICT) to be competitive and remain relevant in a digital economy.

The Government recognises that micro and small SMEs may require additional assistance in adopting ICT and have introduced programmes that meet their different needs. Under IMDA's iSPRINT scheme, SMEs enjoy subsidies when they tap on a range of pre-qualified and proven ICT solutions to boost their productivity and growth, or when they adopt more advanced ICT solutions that are tailor-made to their business processes. To date, over 8,000 SMEs have benefited from iSPRINT. In addition, SPRING's Capability Development Grant and Innovation & Capability Voucher provide other forms of support for SMEs to adopt ICT in improving business efficiency.

While using ICT enables new possibilities for companies, it also raises the risk of cybersecurity breaches that would impact the business and reputation of these companies. The Government is mindful that many SMEs may not know what to do to secure their ICT systems. To help SMEs, the Cyber Security Agency and the National Security Coordination Secretariat have worked with the Singapore Business Federation to develop an Employee Cyber Security Kit. The toolkit is a

useful resource to enable SMEs to assess their own cyber security readiness, and guide SMEs in developing a cyber security education programme for their employees.

Additionally, the Government offers several digital services that help all companies, including micro and small SMEs, with their business processes. The Business Grants Portal is an accessible one-stop-shop to easily apply for government grants, while LicenceOne plays a similar role in the application and payment of government licences. We are also in the process of rolling out CorpPass, which provides a corporate digital identity for businesses to conduct secure online transactions with the Government.