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NMP Thomas Chua's speech in Parliament on August 17 2015

Ministry of Finance

Asian Infrastructure Investment Bank Bill

Madam Speaker, having understood the background, objectives and services of the Asian Infrastructure Investment Bank (AIIB), I support the Asian Infrastructure Investment Bank Bill.

Currently, Asia is the most dynamic region in the global economy and the region demonstrating the greatest potential; it is also stepping up in infrastructural development. However, many countries in Asia are still developing economies. Investing in infrastructural development projects would require much more financial support, and technology and management expertise. The Asian Infrastructure Investment Bank proposed by China will leverage on international financial resources to bring new impetus to the development of the Asian region.

Singapore is one of the original founding member countries of the AIIB. In the past 50 years, we have accumulated a great deal of experience in urban infrastructural development, like energy, utilities, waste management, public housing, and transportation. We have also developed sustainable development solutions in water management. The Singapore International Water Week, CleanEnviro Summit Singapore and World Cities Summit hosted in Singapore have also attracted participants from every part of the world, government officials, and experts in the field. These are Singapore's strengths in participating in projects of the AIIB. Our businesses look forward to leveraging on the AIIB to participate in more sizeable multi-national and regional infrastructural development projects.

How then can Singapore enterprises participate in Asian infrastructural investment projects? I think we can make reference to the Asian Development Bank. The Asian Development Bank was established in 1966, with Singapore as one of its founding members. From 1967 till now, Singapore-based companies have obtained US\$1.35 billion in project funding. Amongst these, funding for 2,384 projects was disbursed to contractors and suppliers, while funding for 311 projects went to Singapore consulting firms. As of December 31 2014, Singapore has contributed US\$523 million to the Asian Development Bank in terms of capital subscription and funding, and in turn received US\$1.35 billion worth of contracts. When Singapore first joined the Asian Development Bank, Singapore was still a young and developing nation still trying to find its feet. Now, Singapore has already achieved developed nation status; having accumulated even more practical operational experience, and cooperated in regional and international projects, local enterprises will be equipped with competitive advantage.

Thus, we hope that the Ministry of Trade and Industry and the Ministry of Finance would learn from the experience of the Asian Development Bank, and identify even more business opportunities in the international arena. In the area of infrastructural development, government-linked companies are in the forefront, and have a very credible track record. In bidding for AIIB projects, they have a higher success rate compared to the SMEs. We hope that government-linked companies would also lead the way to open up opportunities for local SMEs with good credentials and with the high potential to participate in AIIB projects. Joining hands to compete for international projects and promote common growth would also increase national cohesion.

At lunch dialogue the SCCCI organised with trade association members, some member companies had raised similar concerns. They can see many business opportunities arising from regional infrastructural projects, but as the scale and size of the projects are rather large, they are probably beyond the reach of any single company. If there

is government support, and if government-linked companies are willing to take the lead, the success rate of local enterprises in bidding for the projects would be substantially higher.

Singapore's future is irrevocably linked to its value in the region and in Asia. Asia is already the engine of growth in the global economy. China started the AIIB to promote infrastructural development projects within the Asian region, including the "One Belt One Road" infrastructural projects initiated by the founding members of AIIB. From the business angle, the AIIB and the "One Belt One Road" are salient initiatives now as well as in the future, and businessmen are all looking forward to being a part of it.

Recently, some business owners have reflected their concern on the inadequate communication between government and the business community with regard to the ASEAN Economic Community. I hope that after the AIIB projects get off the ground, the government could increase its communication with businesses; on the other hand, businesses should also make greater effort to clinch the projects.