

NEW CHALLENGES FRESH GOALS TOWARDS A GLOBAL ENTREPOLIS

Like Singapore's skyline, the Economic Development Board's role is constantly evolving as it seeks to create vital economic spin-offs.

EDB is a developer and catalyst – from laying strong foundations to fostering and nurturing conditions necessary for companies, big and small, emerging and established, local and foreign, to thrive in synergy and symbiosis.

From the enterprise ecosystem, a "global entrepolis" will blossom. "Entrepolis" combines "entre", meaning "between", and "polis", city. It captures three basic elements: Entrepôt, Enterprise and Entrepreneurship, the three pillars upon which Singapore will build as it continues to leverage its unique strengths as a compelling global hub for business and investment.

Expanding our pivotal focus on manufacturing and services, Singapore aims to be a vibrant marketplace for the world, a place for generating new business concepts and a vital node in the global economy as it transforms into a centre where businesses will thrive, enterprises grow and global talents collaborate.

CHAIRMAN'S MESSAGE

“Singapore will spare no effort to sustain and strengthen the country as a safe, reliable and conducive environment for global business.”

Teo Ming Kian
CHAIRMAN



Dear friends,

2002 was a tough year for the global economy. This was compounded by war in Iraq, renewed threat of global terrorism, and the outbreak of Severe Acute Respiratory Syndrome (SARS) in the first half of 2003. Against this backdrop, Singapore reaffirmed our commitment to reliability, safety and security to ensure business continuity and success. This has enabled us to enhance our value to investors and partners.

We are pleased that even in this demanding environment, we achieved almost the same investment commitment levels as in 2001 – \$9.01 billion of Fixed Asset Investments (FAI), \$2.08 billion of Total Business Spending (TBS) and \$10.5 billion Value-Added. When these investments are realised, they will create 21,000 jobs with 72 per cent in the professional and skilled category.

Electronics and Precision Engineering remained the main contributor to manufacturing FAI, accounting for two-thirds of total investments, followed by Chemicals. The young Biomedical Sciences cluster accounted for almost a quarter of total manufacturing value-added. In services, our Education initiative reached the milestone of establishing 10 world-class universities in Singapore, three years ahead of schedule. Stanford and Shanghai Jiao Tong are the latest additions to Singapore's global schoolhouse, a unique international hub for thought leadership in Asia Pacific. By region, the US continued to be the main source of investments, with Europe a close second, followed by Japan. 2002 also saw an increase in investments from the Asia-Pacific region (ex Japan).

MANUFACTURING COMMITMENT	2002	2001	2000	SERVICES COMMITMENT	2002	2001	2000
Fixed Asset Investments (FAI) (\$bil)	9.0	9.2	9.2	Total Business Spending (TBS) (\$bil)	2.1	1.8	1.9
Value-Added (\$bil)	7.5	8.2	8.5	Value-Added (\$bil)	3.0	1.9	2.4
Employment	14,005	16,885	20,667	Employment	6,864	7,514	7,094
Skilled/Knowledge Workers (%)	64	70	53	Skilled/Knowledge Workers (%)	89	86	80

Glossary:

Fixed Asset Investments (FAI) – Refers to incremental investments in facilities, equipment and machinery. FAI is a measure of a company's productive capacity base.

Total Business Spending (TBS) – Refers to a company's annual incremental spending (measured by its operating costs excluding raw materials, outsourced activities and royalties expense). FAI measures the scale of operations for manufacturing companies; TBS measures for services companies.

Value-Added (VA) – An economic concept that measures the returns earned by the company's factors of production in changing raw inputs into products and services. It comprises remuneration, depreciation, land rental, interest expense and operating surplus. It is a measure of the value created by a company through its activities in Singapore.

Enterprise development continued to gain ground. The number of high-tech businesses and companies, registered with the Registry of Companies and Businesses and formed in Singapore in 2002, grew. Of these, the number of foreign companies doubled as compared to 2001. Under EDB's Startup Enterprise Development Scheme (SEEDS) for equity financing, 35 per cent of startups had a foreign founder or third-party investor or both. In addition, there are more than 10 foreign national incubators from India, Korea, Japan, New Zealand, Israel, Scotland, Germany and Australia to facilitate startup enterprises in Singapore. Singapore's venture capital (VC) industry also expanded significantly, with VC funds up 11 per cent and the number of VC firms up 25 per cent. All these demonstrate Singapore's increasing attractiveness as a centre for enterprise incubation and growth acceleration.

In 2002, the Singapore government also implemented the Economic Review Committee's initiatives including tax benefits and cost-control measures to enhance the competitiveness of our operating environment. The signing of the US-Singapore Free Trade Agreement by Prime Minister Goh Chok Tong and President George W Bush in May 2003 was a landmark achievement that will further benefit Singapore-based companies.

The many positive results in the past year were the fruits of Singapore's thriving enterprise ecosystem. This foundation will enable us to build what we call a "global entrepolis": a globally connected city with ideal conditions for enterprising companies and talents to generate a vibrant flow of goods, services and ideas, to create new businesses and set global trends.

The global entrepolis is founded on three elements – entrepôt, enterprise and entrepreneurship. As an entrepot centre, Singapore has an inherently strategic geographical location, as well as excellent linkages with the rest of the world via free trade agreements, air, sea, cyber connectivity, and people networks. Singapore's critical mass of over 6,000 multinational companies actively engage in transnational collaborations in leading-edge technology, manufacturing and services for global enterprise. A "United Nations" of foreign and local talents, incubators and investors is emerging, spurring the drive towards entrepreneurship and innovation.

The world will continue to evolve but one thing will remain constant: Singapore will spare no effort to sustain and strengthen the country as a safe, reliable and conducive environment for global business. And EDB remains committed to providing the best value for investors and partners as we seek to create even more vital spin-offs.

