

**considerable
scope for
innovative
firms to
obtain
venture
capital from
Singapore**

success has been bolstered by Singapore's political stability, its well-developed infrastructure, world class communications system, and its educated and English-speaking workforce. This success has been based largely on its ability to attract foreign investment; in the mid 1960s it was one of the few countries in the region that courted foreign investors assiduously and allowed them to set up wholly owned subsidiaries. The Government has also taken pains to ensure that the business environment was characterized by transparent, predictable rules.

Singapore has also benefited from betting heavily on the electronics industry²², starting in the mid-1960s with two local firms assembling black-and-white TV sets under licence from Japanese consumer electronics firms. Since then the industry has grown rapidly keeping in step with all the latest developments, graduating into computers and peripherals, disk drives, computer tapes and semiconductors. Electronics is still Singapore's most important manufacturing industry, accounting for 36% of manufacturing value-added, 58% of non-oil exports, employing 25% of the workforce in manufacturing and contributing 12% to the island's GDP.

The Government is now encouraging outward investment and Canada can benefit most from this by forging alliances with Singapore firms for sharing risks and technology and for access to world markets. There is also considerable scope for innovative firms to obtain venture capital from Singapore, particularly if deals can incorporate marketing arrangements in the areas in which Singapore has the greatest influence and interest, namely Indonesia, Malaysia, Thailand, Hong Kong and China.

Canada's stock of FDI in Singapore stood at C\$2 billion in 1995, reflecting the establishment of more than 70 Canadian organizations in Singapore, including a number of banks and insurance companies. Much of this investment is in the financial sector and in the form of regional offices rather than in manufacturing facilities. Canadian companies are also represented in Singapore through more than 200 agents and distributors.

Singapore is a strong regional investor. The government alone has an incremental \$10 billion a year to invest, with a preference for investing in the nearest regional economies; the Economic Development Board estimates that up to 30% of Singapore's reserves will

eventually be invested in regional economies. Singapore is the fifth largest investor in China, the fifth in Indonesia, the sixth in Vietnam. Singapore is also positioning itself as the centre of a dynamic, rapidly developing Asia, serving as a base for sourcing, training, communications and financial services.

Sectoral interests and linkages

Sectors that have been identified as priorities for promoting investment linkages and the licensing of technology through corporate liaison calls and missions and seminars include:

- **Environmental technologies**, particularly in sewage treatment, hazardous and solid waste disposal and in the monitoring and control of air and water pollution.
- **Information technology and electronics**, particularly products and systems supporting the development of the National Information Infrastructure (NII), the Government's "Vision of an intelligent island". This is embodied in Singapore ONE, a huge bandwidth system designed to carry multimedia to homes, industry and educational institutions (see <http://www.ncb.gov.sg/ncb/sone.asp>). Singapore ONE is intended to incorporate IT in every aspect of the nation's social and economic life through a seamless integration with private networks. Design and manufacturing capacities include wireless communication systems, personal mobile communication equipment, optical fibre network components, digital signal processing technologies, asynchronous transfer switches, software etc.
- **Agri-food**: key opportunities exist for attracting investment into products with high export potential such as meat products, high value-added food, animal feeds, canola oil, turkey breeding and technology transfer.
- **Aerospace**: the industry in Singapore, with 80 companies and 10,000 workers, is the most advanced in Asia.
- **Oil and gas equipment and services**: Singapore continues to serve as the offshore supply base for much of the exploration and development activity in