

**Keynote Opening Speech of  
The Center for Strategic and International Studies  
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Minister for Foreign Affairs and Minister for Law of Singapore  
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“New Directions: Singapore Politics and Foreign Policy”  
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- 2011 has been an eventful year for many countries around the world.
- In Southeast Asia, aided by Indonesia’s strong ASEAN Chairmanship, Cambodia and Thailand were able to peacefully manage their dispute.
- Thailand elected its first female Prime Minister with a landslide victory.
- In Singapore, a Parliamentary General Election and a Presidential Election were held.
- Bold reforms were instituted by President Thein Sein’s government in Myanmar. Scores of political prisoners have been released and peace has been brokered with most of the ethnic groups. Mdm Aung San Suu Kyi and her National League for Democracy party will participate in by-elections in April this year.
- These political developments coupled with positive economic growth by all the countries in ASEAN give grounds for optimism.
- However, the global economic climate is uncertain.
- The American economy remains soft and the debt problems in the Eurozone remain particularly troubling. The US is the market of last resort for the Asia-Pacific and unless there is a strong recovery in America, the global economic outlook will be clouded with uncertainties.

**US and the Asia-Pacific Region**

- The US has long played a major role in the region’s stability and prosperity.
- Singapore has consistently encouraged the US to engage the region. We have done so for over forty years, long before it was fashionable to say so.

- In the last few years, the US has increased its focus on the Asia-Pacific, in particular Southeast Asia:
  - Secretary of State Hillary Clinton broke with tradition by making her first official visit to Asia, visiting Indonesia and the ASEAN Secretariat.
  - This was followed by the US signing on to the Treaty of Amity and Cooperation, and appointing its first Resident Ambassador to ASEAN.
  - President Obama started the ASEAN-US Leaders Meeting in 2008 in Singapore, and the third consecutive meeting was held in November last year.
  - The US decided to join the East Asian Summit (EAS) and President Obama took part in his first EAS Summit last November.
  - The US' pushed through three FTAs with its Pacific partners – the Republic of Korea, Panama and Colombia. This builds on earlier ones the US already has, like the one with Singapore since 2003.
- There are compelling reasons for the US to continue engaging Asia, in particular Southeast Asia.
- ASEAN, which is deepening its regional integration efforts, has tremendous untapped economic potential.
- ASEAN has a population of approximately 600 million, larger than the EU's and has a bigger geographical footprint. ASEAN's combined GDP of US\$1.8 trillion gives it a per capita income of US\$3,000. This is only a tenth of the EU's but it also means that there is much room to grow.
  - ASEAN is already the US' fourth largest overseas market.
  - US exports to ASEAN increased by 27% in 2010 to almost US\$86 billion.
  - US goods exported to ASEAN alone account for 440,000 jobs in the US.
  - ASEAN saw a doubling of FDI flow from the US from 2009 to 2010. FDI increased from US\$4.1 billion in 2009 to US\$8.4 billion in 2010. The US is now the third largest investor in ASEAN.

- ASEAN registered 5% growth last year, and strong growth is expected in the years ahead.
- Demographically, ASEAN has a young, aggressive, and dynamic population that is outward looking and wants to be externally engaged. ASEAN is working on strengthening its internal and external connectivity. This presents economic opportunities for companies from around the world, including the US.
- Take Singapore as an example of the potential for economic cooperation:
  - In 2010, Singapore was the US' 13<sup>th</sup> largest trading partner, behind much larger and some of your neighbouring countries like Canada, Mexico, China, Japan and Germany, but ahead of major G20 countries like Saudi Arabia, Australia, Russia, Indonesia and Italy.
  - In fact, our trade is significantly in the US' favour. We are the US' 10<sup>th</sup> largest export destination and only its 23<sup>rd</sup> largest import source.
  - Just one Singapore company, Keppel FELS, purchased more than US\$1 billion worth of goods and services in the last year from US companies, such as National Oilwell Varco, Cameron, Caterpillar, and Lee C Moore, which are from various states across the US like Texas, Illinois and Oklahoma.
  - In 2010, cumulative US investments in Singapore crossed the US\$100 billion mark. The US\$16.72 billion profit from US investments in Singapore represented the biggest returns for US firms in the Asia-Pacific region.
- Singapore, the smallest country in ASEAN and the one with the fewest resources, can provide such economic benefit to the US. Consider the immense economic potential of greater engagement of larger and more resource rich countries in ASEAN such as Malaysia, Thailand and Indonesia.
- ASEAN is of course much more than an economic entity per se. It is an organisation which plays an important role in shaping regional architecture. It engages major world powers. ASEAN also strives for centrality in the region.

### **Where can the US do more?**

- The US can do more to tap into the potential that ASEAN represents.
- The CSIS US-ASEAN Strategy Commission has made several recommendations for the US to strengthen the economic, trade and business linkages with the region, including through a US-ASEAN FTA, in its recently released report. The recommendations are worth looking at carefully.
  - As noted in the report, the US' share of Asia's foreign trade has dropped by almost 10% over the past 2 decades.
  - The US was once ASEAN's largest trading partner in 2004 with a total two-way trade of over US\$190 billion in 2004. But it has now fallen to fourth place behind China, the EU and Japan.
  - US companies are at a disadvantage compared to their competitors in Australia, China, Japan, Korea, New Zealand and India that have signed the ASEAN Plus FTAs.
  - The US must look at how it can have trade agreements and arrangements that removes this disadvantage.
  - At the ASEAN level, the US should consider deepening economic cooperation beyond the Trade and Investment Framework Agreement (TIFA) that currently exists. The US could consider increasing the number of bilateral FTAs with countries in ASEAN who are ready and willing to do so. Doing so will also be a platform to achieve an ASEAN-US FTA.
  - Beyond ASEAN, the TPP presents the US with a ready opportunity for greater economic integration in the Asia-Pacific.

(i) Trans-Pacific Partnership

- It is crucial that the momentum on the TPP does not falter in 2012.
  - The TPP can be the building block towards the Free Trade Area of the Asia-Pacific (FTAAP), which will account for nearly 60% of global GDP and almost half of the world's trade.
  - The open architecture of the TPP means that all APEC economies are welcome to join whenever they are ready to reap the benefits that greater regional economic integration brings.

(ii) The East Asia Summit

- In addition to trade, the US can also play a constructive role in regional fora such as the EAS.
  - US expertise, particularly in areas such as disaster management, education, food and energy security, can significantly add depth to the relatively younger EAS which has only been existence for six years.
  - The US' Rapid Disaster Response Agreement can facilitate the provision of disaster relief among EAS members.
  - The EAS should not only be regarded as an annual Summit, and should be supplemented by substantive areas of cooperation.

**Singapore-US Relations**

- It is probably not unfamiliar to this audience but Singapore has been a consistent strategic and economic partner for the US in the region.

Defence/Strategic

- On the defence side, Singapore offered to help out since the early 1990s by hosting logistics facilities when the US had to move out of Clark and Subic Bay in the Philippines.
- Singapore also supported US-led coalition operations beyond our region, including in Afghanistan and the Gulf of Aden.
- In 2005 we entered into the Strategic Framework Agreement (SFA). As part of this agreement we will facilitate the deployment of Littoral Combat Ships (LCS) in Singapore – though they remain homeported in the US.

Economic

- On trade, I have already spoken about the 2003 US-Singapore FTA, which was the first FTA that the US signed with any Asia-Pacific country, and the significant trade which is in the US' favour.

- Apart from US investments in Singapore, Singapore investments in the US in 2010 stood at US\$20.6 billion making us the 14th largest investor in the US and the 3rd largest from the Asia-Pacific after Japan and Australia. To quote some examples:
  - ST Engineering, a Singapore-based global integrated engineering group in the aerospace, electronics, land systems and marine sectors, has invested US\$473 million in its subsidiaries across the US and employs over 4,000 people in operations located in Virginia, Texas, Alabama, Massachusetts, North Carolina and Mississippi.
  - Keppel AmFELS, one of the world's largest offshore and marine groups, is one of the largest employers in Brownsville, Texas, providing over 1400 jobs to the local community. In fact, the Keppel AmFELS shipyard in Brownsville was where the rig that plugged the 2010 oil spill in the Gulf of Mexico was built.
  - Companies like Keppel AmFELS also do their part for corporate social responsibility. For example, Keppel AmFELS has contributed over US\$1 million to improve the lives of families and children in Brownsville through non-profit volunteer organizations and various fund-raising events.
- The bottom line is this - Singapore investments have created American jobs, generated a trade surplus for the US, and represented one of the biggest returns for US firms in the Asia-Pacific region. In fact, the US' trade surplus with Singapore in 2010 was its fourth largest in the world after Hong Kong, Australia and the Netherlands.
- Looking ahead, Singapore is committed to continue to build a holistic relationship and explore new areas of cooperation with the US.
- Just in the last week, both sides:
  - Signed an MOU to establish the “1+1” Singapore Ministry of Foreign Affairs and US Department of State Strategic Partnership Dialogue, which formalised and institutionalised what had been in existence for many years.
  - We also signed the Singapore-US Third Country Training Programme (TCTP) MOU.
  - Minister for Education Heng Swee Keat and Secretary of Education Arne Duncan also signed an MOU to significantly expand

the scope of educational cooperation compared to the one signed a decade ago. This will help us share experiences.

- We are also exploring many other areas of cooperation including on cyber security issues, energy, climate change as well as cultural and sports exchanges.

- Singapore has been working closely with the US and other countries to involve their respective business communities in the implementation of the Master Plan on ASEAN Connectivity through bankable public-private partnership projects.

- The Singapore-US TCTP will allow both countries to jointly provide technical assistance to other countries in areas such as human resource development, economic development, pandemic preparedness and disaster management.

- Singapore and the US have on their own provided significant technical assistance to ASEAN countries. Singapore has four training centres in the Mekong region and has substantive programmes to help develop capacity in the region. We can work together to have a multiplier effect in providing better technical assistance and meet ASEAN's developmental goals and promote greater regional cooperation.

- The TCTP is thus another example of how Singapore and the US cooperate to add substance to the bilateral relationship, in a way that is welcomed by and benefits the region.

## **Challenges for the US in Engaging Asia**

- One of the strengths of the US' Asia-Pacific strategy over the last 30 years is that it has been essentially bipartisan. Despite inevitable changes of emphasis in response to specific developments, it has been steady and consistent. This must be preserved.

- Domestic pressures in the US and the demands of elections have resulted in some anti-China rhetoric in domestic debates. We in Singapore understand that this is electioneering. But Americans should not underestimate the extent to which such rhetoric can spark reactions that create a new and unintended reality in the region.

- There is a tendency in the media sometimes to view political developments in win-lose sporting terms, and to view the US' emphasis on Asia as a means to contain China.
- Such rhetoric is a mistake on many levels. Any attempt by the US to contain China will not work and will not be supported by most countries in the region. It is quite untenable to speak in terms of the "containment" of China. China with a population of 1.3 billion people is determined to progress in all fields and take its rightful place in the community of nations. It will succeed in that. Its people are bright and technologically savvy. The country and its people are not going to be contained. American policy makers understand and accept this. They understand the need for a cooperative engagement and have made clear that containment is not part of their strategy.
- The public discourse in the media is however sometimes not as clear.
- In this context, it is also a mistake to focus only on the US military presence in the region, to the exclusion of other dimensions of US policy in our region. The US has intrinsically good reasons, many of them economic, to engage East Asia and ASEAN and this is in the interests of both sides of the Pacific. US engagement is and should be multifaceted.
- From Singapore's perspective, the relationship between the US and China is not a zero-sum game. The rise of China does not imply the decline of the US.
- The US is still and will remain for quite some time to come, the world's largest economy and the market of last resort for Asia. There is as yet no viable alternative to the US dollar as the international reserve and trading currency. The world and Asia are big enough to accommodate a rising China and a reinvigorated US.
- In this regard, the US and China should work to ensure that its relationship is one based on cooperation and not confrontation. It can be a symbiotic relationship. There will inevitably be competition. But it can be a competition that takes place within a stable framework, with both countries playing a constructive role in world and regional affairs.
- Lastly, the US must understand that within Asia, there are different systems, social dynamics, cultures and traditions enmeshed and integrated at various levels. There is diversity across the board. There needs to be an appreciation and respect for these differences and varying needs when interacting with the various countries in the region.

## **Singapore Politics and Policies**

- Moving on to Singapore politics, 2011 was a significant year with Singaporeans going to the polls twice to elect a new government and President.
  - The People's Action Party won 60% of the popular vote and a strong mandate in the General Election (GE). But for the first time, it lost three Ministers.
  - The GE ushered in a more dynamic political environment with a new generation of diverse perspectives.
  - The GE saw the prolific use of traditional as well as new social media to broadcast views.
  - The new Cabinet is reflective of the generational change in leadership with the stepping down of the post-independence generation.
- There has been much debate in Singapore and by commentators about the results of the GE. Arab Spring, Internet etc.
- There are a few reasons but fundamentally the issues are economic.
  - Economic Reasons:
    - (i) The addition of several hundred million workers in India and China.
      - a. Impact on wages in Singapore
      - b. World wide phenomenon
    - (ii) Technology: benefits skilled workers but affects lower wage workers
    - (iii) Globalisation: top salaries based on regional economies
  - Aging population/immigration
  - Specific local issues like housing, transport etc

- In this context, the results: (i) 60% of the popular vote, (ii) 93% of seats won, must be seen against a historical perspective.
- Reality of city elections – where there are no great historical or cultural differences across different geographical regions.
- Need to listen carefully to the electorate and deal with the issues at hand.

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