

## The 4<sup>th</sup> Study Meeting on Asia

1. Date: November 17, 2010 15:00 – 17:00
2. Venue: Meeting Room, the Takeda Foundation
3. Title: Singapore: why are they making profits?
4. Speaker: Mr. Ikuo Moriwaki, Dou Yee International
5. Participants

01	Ikuo Moriwaki	Dou Ye International
02	Yoshihiro Mikami	SRID
03	Kazutoshi Oyamada	International Program Department, Japan Society for the Promotion of Science
04	Ikuo Takeda	Chairman, the Takeda Foundation
05	Mlstuo Akagi	Senior Managing Director, the Takeda Foundation
06	Ysuo Tarui	Managing Director, the Takeda Foundation
07	Yuzo Mizobuchi	Director, the Takeda Foundation
08	Norio Ohto	Director, the Takeda Foundation
09	Naoaki Aizaki	Program Officer, the Takeda Foundation
10	Aiko Ubasawa	Program Specialist, the Takeda Foundation
11	Setsufumi Kamuro	Program Specialist, the Takeda Foundation
12	Mototaka Kamoshida	Program Specialist, the Takeda Foundation
13	Emiko Mitsui	Program Officer, the Takeda Foundation
14	Takami	Member, the Takeda Foundation

## 6. MEMO

### Lecturer

Mr. Moriwaki graduated from Osaka City University, joined Sansha Electric Company, and, after working for Analog Devices and SGS-Thomson, moved to Singapore. In Singapore, he joined Dou Yee International, which manufactures and trades various items including electric and electronic devices, materials for semiconductors, metal injection molding, clean rooms, static electricity parts, and dispenser parts. He helped Japanese firms localize their overseas branches in Singapore for 17 years. He has rich experience in working with local firms in Singapore, and has been watching Singapore grow.

## Overview of Singapore

Singapore is a city-state with a population of 4.7 million people and a land area of about 700 square kilometers, which is about the same size as the Tokyo metropolitan area. Some parts of the land are landfill and the developing parts are still expanding. Singapore faces the Straits of Malacca, which combine the Indian Ocean and the South China Sea, and has been a very important port for maritime transportation in Southeastern Asia. Singapore used to be a colony of Britain, but during World War II it was occupied by the Japanese army. It was re-colonized by Britain when Japan lost the war, but became independent in 1957 as a part of the Federation of Malaysia due to the efforts of the independence movement. However, as a result of preferential measures toward Malays adopted by the Malaysian federal government, the conflict between Malays and local Chinese descent escalated, and finally, in 1965, Singapore became an independent city-state with local Chinese descent as the majority population. Seventy-seven percent of Singapore citizens are of Chinese descent, 14% are of Malay descent, and 8% are of Indian descent. Public languages in Singapore are English, Malay, Mandarin, and Tamil. Singapore is strongly affected by Chinese morals favoring a diligent and clean life style, sure punishment and reward, equal treatment, and a focus on money. Politically, Singapore is a near oligarchy despite the existence of several opposition parties. Despite its size, Singapore is one of the strongest military powers in Southeast Asia based on its universal conscription system. Singapore possesses the latest military ships and jet fighters.

## **Society and industries in Singapore**

The facts that Singapore is a very important port for maritime transportation and a city-state without any natural resources are major determinants of the characteristics of Singapore society and industries. Their basic strategy involves making profits by collecting materials, people, and information from all over the world. For this to happen, they have built the necessary infrastructure, including ports and airports, and environment to attract foreign students and human resources to universities and research institutes from all over the world. They take measures to attract foreign investment to Singapore, and most major firms in Singapore are overseas branches and factories of foreign firms. The establishment of a corporate firm is very easy in Singapore. If you are a

Singapore citizen or possess permanent residency, then you can establish a firm by opening a bank account at a local Singapore bank.

They are quite enthusiastic about recruiting people from outside Singapore, and even Japanese recruiting companies have opened overseas branches in Singapore. The largest domestic firm in Singapore is Singapore Airlines, and large domestic firms have annual sales of several hundred million US dollars at maximum. Singapore's GDP is not large, but per capita is very high. Several years ago, Singapore had several manufacturing firms, but most of the major manufacturing firms moved out.

Women in Singapore play much more important roles in business, especially in accounting and financial areas, than in Japan. The Singapore government has developed the infrastructure and environment to support working women, including child raising facilities and schools, and has taken legal measures to allow usual families to employ live-in maids. It is common that women work equally with men in Singapore.

Singapore tries to take benefits from having no natural resources, but their water supply depends completely on imports from Malaysia and domestic reservoirs, and the water supply is a serious problem for the security of Singapore. Recently, they have started to use recycled water from domestic sewage using Japanese reverse osmotic membrane technology. Some firms have started selling Singapore brand water, and they are making profits.

### **Comparison between Singapore and Japan (a comment from a Singapore firm owner)**

- Japan is a single race society but Singapore is a multi-ethnic society
- Singapore has four national universities, and three of the four universities have foreign presidents.
- Even some government ministers have recently acquired Singapore citizenship.
- Japanese people use only Japanese, but Singaporeans use fluent English and Mandarin (or more).
- Singapore society is open to the outside, while Japanese society is closed.
- Singapore has a stable cabinet, while the Japanese cabinet changes in short-lived cycles.

So far, the political monopoly has been working efficiently, and Singapore has been enjoying its prosperity due to the stable political management by the first Prime minister, Lee Quan Yew, and his successor, Goh Chok Tong. However, there is a possibility that the political monopoly in Singapore might lead to dictatorship as seen in North Korea or some Middle Eastern and African countries. Singapore is going to celebrate the fiftieth anniversary of its independence, and its future now depends on the political management by its third prime minister, Lee Hsien Loong. I think that what the Singaporean firm owner said is true. The stability of Singapore is dependent on its open society.

### **International Strategy of Singapore**

Singaporeans have a broader sense of working abroad. They go abroad in the way Japanese go to other prefectures. They do not have a large land area and naturally know the necessity of expanding fields of activities in the international business world. They depend on capital assets and focus on trading and marketing instead of investing in heavy industries. They know how to use money. They eat lunch at a snack stand, but spend a large amount of money on cutting-edge machines if necessary. That's the business sense of the Chinese.

### **QUESTIONS AND ANSWERS**

#### Question 1

I am curious about how they make profits by attracting people to Singapore.

#### Mr. Moriwaki

When people come to Singapore, they bring things and money. They spend money by buying souvenirs at shops, eating dinner at restaurants, and staying at hotels. The Singapore government has spent a lot of money to keep the city safe, clean, and convenient, and maintain high levels of education and medical care to attract more people. They also organize events such as night F1 racing and run casinos. When people come to Singapore, they pay utility fees at ports and airports. That's how they make profits by attracting people.

#### Question 2

How do they develop a broader sense of freely engaging in international business?

### Mr. Moriwaki

Usual Singaporeans speak at least three languages fluently including English and Chinese. There are also many talented people of Indian descent, as well as Malay and Indonesian descent in Singapore. They easily cross borders. Another important factor is overseas Chinese networks. Singapore has close relations with Taiwan, Hong Kong, and Shanghai. Singapore also has a special district in China and they conduct joint business with mainland Chinese. These are all developed from overseas Chinese networks. They also share the feeling of solidarity of being Chinese. Some time ago, Deng Xiao Ping visited Singapore and asked Lee Quan Yew for advice when China was unsuccessfully introducing its market mechanism. Lee Quan Yew gave some advice and China's economic bureaucrats kept visiting Singapore to learn from the success of Singapore. This background helps Singaporeans engage freely in international business.