

SPEECH BY MINISTER OF STATE FOR FOREIGN AFFAIRS ZAINUL ABIDIN RASHEED AT THE OFFICIAL LAUNCH OF THE CECA GUIDEBOOK AT THE RAFFLES HOTEL ON 9 FEBRUARY 2006

His Excellency Mr Sajjad Ashraf, Pakistani High Commissioner to Singapore;
His Excellency Mr Winithkumar Shehan Ratnavale, Sri Lankan High Commissioner to Singapore;
Mr Ravi Bangar, Deputy High Commissioner of India;
Mr Gopinath Pillai, Chairman, Institute of South Asian Studies;
Mr M Rajaram, Chairman, Singapore Indian Chamber of Commerce & Industry;
Distinguished Guests;
Ladies and Gentlemen

1. Good morning. I am very happy to be here for the launch of the Guidebook for the India-Singapore Comprehensive Economic Cooperation Agreement (CECA).

2. Allow me first to commend the team that has put in a lot of hard work to produce this very useful guidebook. I would like to thank the writers from Rajah & Tann, the supporting agencies – the Singapore Indian Chamber of Commerce & Industry, the Singapore Business Federation, the Institute of South Asian Studies (ISAS), International Enterprise Singapore, Network India and the Ministry of Trade & Industry – as well as the officials who had negotiated the CECA.

Global Interest in India

3. The production of this guidebook is timely. It comes at a time when global interest in India is rapidly increasing. Singapore may have been an early believer in India, but today we are not alone among the India-philes. Those who attended, or read about, the recent World Economic Forum event in Davos would have noted the tremendous India buzz. At Davos, having fielded the largest delegation, India lived up to the theme of its campaign – “India Everywhere”.

4. While CECA negotiations were ongoing, we witnessed the growing recognition of India’s economic emergence. It is now commonplace to compare India’s economic growth and advantages with that of China’s. Some India-watchers think it India’s manifest destiny to become the third largest economy in the world, behind the United States and China, by the middle of this century. A decade ago, such India-enthusiasts, would have been accused of wishful thinking. Not today, however. Businesses from the world over see in India the opening of the largest marketplace in the world after China. India's inclusion into the East Asia Summit is yet another indication of a trend of closer integration of India in the region.

Intensifying Political Engagement

5. With India on the path of economic reforms, barriers to entry are falling. The Singapore government has played an active role to provide a head-start for Singapore-based businesses further reduce these barriers. The recent high-level visits by Minister Mentor and Senior Minister to India in the past three months, and the visit of the Indian President last week, underline our commitment to accelerate a robust bilateral relationship. These visits would have helped to strengthen the

positive mindshare that Singapore commands in India. Amidst the growing crowd of India-philes, we endeavor to keep the Singapore brand a special one.

Fulfilling the Potential of the Economic Relationship

6. Our political engagement reinforces the growing economic relationship. The government has strived to provide the right enabling conditions for the growth of economic linkages. Bilateral trade and investments are growing strongly. Trade has doubled between 2003 and 2005. Indian statistics show that Singapore's investments into India in the first 9 months of 2005 were four times that for the whole of 2004. According to Indian statistics, Singapore was the third largest investor in India in the first nine months of 2005 alone.

7. But our trade and investment links with India have much more potential than what these figures suggest if India continues to press on with its reforms. Our trade with China in 2005 was S\$67 billion – this is more than four times our trade with India. With the support from the government agencies, and with the continuing reforms by India, my view is that the conditions for market entry into India have improved. With the CECA, Singapore companies also have a head-start over other foreign companies. I need not elaborate on the specifics – this guidebook would help you with that. Singapore companies across a spectrum of sectors have already benefited from the CECA. For instance, some Singapore-based chemicals companies are now able to export its products more competitively to India as a result of CECA tariff benefits. Also, because of CECA, Singapore companies now have greater flexibility in hiring Indian professionals and in deploying Singapore professionals into India.

8. The CECA, however, is not a magic bullet. The CECA can give companies an edge, but we need to sharpen that edge. To do so, we will like feedback from companies which use the CECA to tell us how we can make the agreement better, and how we can improve its implementation. The CECA implementation committee, which is a private-sector-led committee chaired by ISAS, was set up to monitor and gather feedback about the CECA from companies. I understand that this committee will be setting up a web portal which will act as a single-window for companies to provide their feedback on CECA. This is a good initiative. I would encourage companies to make use of this facility and assist us in enhancing the CECA.

9. For the CECA to fulfill its promise, we will need the commitment of both countries to implement the agreement well. I'm glad that India has indicated that it is serious in implementing and reviewing the CECA to take into account the concerns of our companies.

Removing the Barriers

10. Much has been reported about India. But among Singapore businesses, how has this translated into action? A prominent businessman from one of India's top business houses once asked why it was that Singapore companies seemed to prefer venturing into China. He thought that the Chinese market was no less difficult than the Indian market. My colleague replied that the main problems were of mindset and knowledge. I agree, and I see two reasons.

11. First, it seemed that China was a more immediate priority for Singapore companies. After all, China had implemented its economic reforms a decade earlier than India.

12. This might be true a decade ago. Today, India seems no less immediate a market. While it is true that India is still a new frontier for global businesses, it is also true that this frontier is rapidly shrinking. Companies are flocking into India. India can no longer be treated as an alternative market that is secondary to China. The paradigm for businesses is no longer “China or India”. Instead, it is “China plus India”. Singapore companies should not be stuck in an old mindset and miss the boat.

13. The second barrier for companies with regard to India is unfamiliarity. Many businesses remain intimidated by the risk of unknowns. But these risks can be mitigated. For entry into emerging markets like India, companies must still do their homework and get to know that market. Our companies do not go it alone. From the government, our partner agencies and the private sector, Singapore companies will find many helping hands that can help guide them into India. Businessmen will know that where there are no rewards without risk. India has many inefficiencies and disadvantages, but there are sectors where companies are making massive profits. As India reforms, more opportunities will arise, both for MNCs as well as SMEs.

14. This guidebook is an excellent example of collaboration between the private sector, academia and government to produce a resource for our companies. The agencies behind the guidebook are useful partners for companies looking to enter India, or to expand their operations in India. To these agencies – your task is not yet done. Your role is an important one. You should continue to support our companies with your knowledge as they venture into India.

Conclusion

15. Knowledge is an important possession in India. India's national motto, “Satyameva Jayate”, or “Truth Alone Triumphs”, is a celebration of knowledge. The motto of the Doon School, one of India's most famous public schools, is “Knowledge our Light”. Let me complement these with a Chinese saying, “to know and not to act, is not to know”. With this guidebook, I believe that you will know more about the CECA – what it can do for you, and what it can't. I hope that you will now be better able to act, and seize the opportunities in India.

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