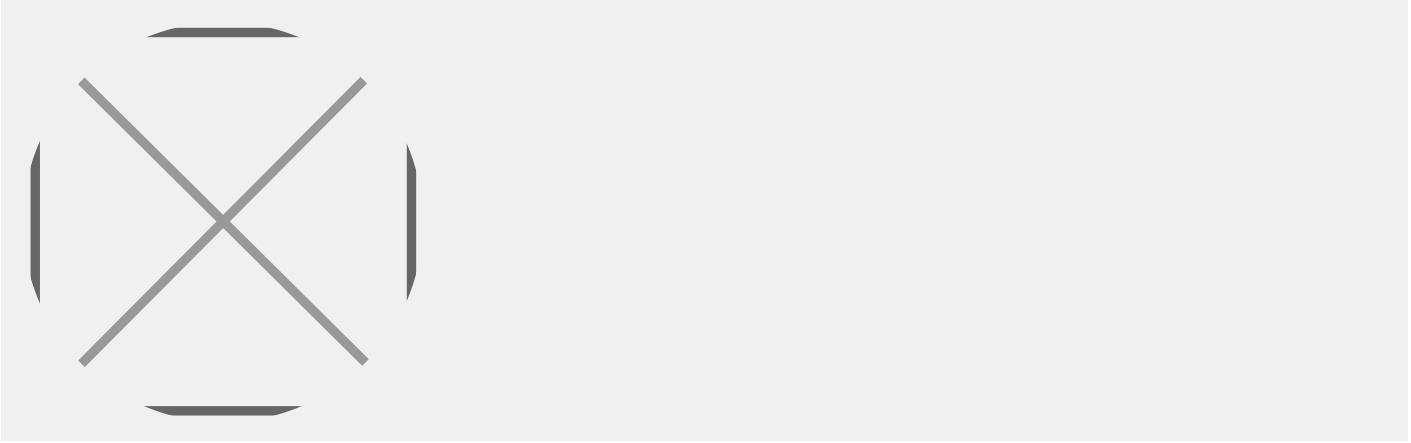
Interview with Yeoh Keat Chuan , Managing Director, The Singapore Economic Development Board (EDB)



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Singapore is widely known as a key regional and global hub for companies to do business in. This reputation would not have been possible without the extensive work of the government. What have been the main driving forces that have allowed this agency to be at the forefront of effectively responding to investors' changing needs?

What we have been seeing is that the significance of the Asian market is being recognized.

When we started developing our biomedical sciences cluster in Singapore, we largely focused on manufacturing because we aimed to become the third global location for pharmaceuticals, after the US and Europe. Having said this, over the last few years the Asian market has experienced strong GDP growth, a faster growing middle class and is now facing the challenges of an aging population. The combination of these factors requires multinational corporations to set up a home base in Asia, to serve this market.

With our "Host to Home" strategy, we aim to move Singapore from being a host to companies, to become their home in Asia. Singapore is the ideal location for (pharmaceutical) companies to locate and oversee the regional market. With an increasingly Asian footprint, in both manufacturing and research, they also feel it is necessary for them to have a more global shareholder base that is representative of their operations.

This strategy is also applicable to Asian companies, as we are seeing more Asian companies using Singapore to internationalise and grow their business.

An example of how we have responded to investors' changing needs is through an improved understanding of Asian patients and diseases, helping companies to tailor products for Asian patients and enabling better treatments.

Singapore is home to over 7000 multinationals of which about 4000 use Singapore as a regional headquarters. As a small city-state with just 700 square kilometres, this country has probably the highest density of multinationals in the world. Many of the corporations established here take advantage of Singapore's geographical location, connectivity and knowledge base to bridge the Asian and Western cultures.

The EDB achieved record investment commitments in 2011, despite the current difficult global economic environment. What role does the "Host to Home" strategy play within this success?

The success of our "home" strategy in 2011 was reflected partly by the fixed assets investments and the total business expenditure, (which consequently created many good jobs). Beyond multinational corporations, EDB's aim is to extend the outreach to global mid-sized companies to set up their first presence in Asia here as well.

Furthermore, many corporations have realized that they need to be close to emerging markets, such as China and India. It is not easy to oversee the entire region from either China or India. We believe Singapore can serve as the ideal base to provide a pan-Asian perspective and understanding of regional markets. Moreover, the Southeast Asia region is growing rapidly as well, with Indonesia, Malaysia and Thailand enjoying positive economic growth.

Which were the industries and projects that prompted this investment climate?

Earlier this year we were very pleased with a signature investment from Rolls-Royce, for a manufacturing facility at Seletar Aerospace Park. This 65,000 square meter facility will assemble engines for the Airbus 380 and Dreamliner, as well as manufacture wide chord fan blades, which has never been carried out outside the UK before. This investment reflects confidence and trust in our capabilities as well as the stringent enforcement of intellectual property rights.

IBM had a series of events this year; one of them is their services integrated hub that will drive the adoption of reusable solutions in the neighbouring growth markets and across the Asia Pacific. Most recently, IBM set up a supply chain center that will help to enhance the region's supply chain expertise and to develop global software and hardware supply chain solutions based on business analytics technologies.

We are seeing growth across many industries including the Singapore marine sector, oil and gas, infocomm products and services industries.

With a focus on the pharmaceutical industry, Singapore, in the last decade, has been building capabilities to strengthen the life sciences industry. As a result the industry today consists of more than 5,800 researchers and $14.9 billion has been invested in the industry. Have these investments been compensated? And what have been the key projects?

I believe that in terms of R&D and manufacturing, these investments have paid off.

Indeed, our industry consists of more than 5,800 researchers but it is equally important to look at the translation of research outcomes into new products and treatments as well as the expansion of our manufacturing base. From that perspective, the biomedical sciences manufacturing sector has grown over the last ten years from 6,000 to 15,000 employees. Manufacturing output has increased four-fold —from $6 billion in 2000 to $27 billion in 2011.

This is also visible through the evolution of our manufacturing activities. Many years ago, we started with medical devices and consumables and subsequently moved to pharmaceuticals—mainly small molecules. Today we have seven biologics manufacturing facilities implemented or that are in the process of being constructed.

With regard to medical devices, we are manufacturing class III implantables with industry leaders like Medtronic having their first-in-Asia pacemaker facility in Singapore.

Many companies certainly trust in Singapore and are still investing in this country. However, does the impressive growth of China and India present a risk for the commitment that some companies have in Singapore?

Manufacturing investments are quite firmly anchored and not easy to move, especially once they have been validated by the regulatory authorities.

A good reputation for reliability and intellectual property protection counts for this industry. I believe Singapore stands out in this regard. In the research area, we have taken some time to experiment and figure the role Singapore should be playing in the market. For example, we do not have strengths in a large patient population, since the island only has 5.2 million people today. But what we do have is a good mix that represents a large part of Asia: 74% Chinese, 13% Malay and 9% Indian.

We believe that our competitive advantage is in translational research— the translation of findings from basic science to medical applications. We have been focusing on five areas in translational research: oncology, neurology, infectious, eye and metabolic diseases. Each of these programs has been awarded a $25 million fund for five years.

Clearly these platforms bring healthcare providers together with scientists. Our Singapore Gastric Cancer Consortium is an example; they spent quite a number of years developing an

understanding of the disease mechanisms for Gastric cancer, the second leading cause of cancer death worldwide, and particularly common in East Asia. One exciting discovery is the identification of two subtypes in Gastric cancer, which enables scientists to segment patients in order to develop customized treatments. This will hopefully lead to Singapore playing a bigger role in terms of developing target interventions.

And while we have companies like Novartis that have set up fully integrated laboratories, we also see another model, such as the Roche Translational Medicine Hub. Roche in Singapore employs only 30 senior scientists but works in partnership with the public sector to generate insights into disease biology, accelerate drug discovery and development. The investments we have made in the public sector and the academic medical centres have encouraged public-private partnerships as more companies move towards an open innovation approach.

The local industry has its share of grievances; mainly that Singapore is narrowly focused on multinationals. Some argue that after multinationals come to Singapore, they do not share their know-how with local companies. As a result, local companies lag behind and eventually disappear. Do you agree and what is the place of the local pharmaceutical companies in this country?

In EDB, our focus is on attracting investments that ultimately create good jobs that Singaporeans can benefit from.

Any industry, especially one that is as technologically intensive as the biomedical sciences, will experience companies starting up and closing down. What is important is that the industry continues to grow and the capabilities we have built are anchored in Singapore and can be redeployed. Our investments in the public sector– research and infrastructure– ensure Singapore's relevance to companies, whether they are Singaporean or not.

A significant number of companies have chosen Singapore for different strategic reasons, either to establish their regional HQ, to manufacture, or to develop R&D activities. On the other hand, we have seen certain companies that were very positive about Singapore are no longer here, such as Eli Lilly Research Center and a few promising start-ups. What has Singapore learned from this?

I would not say it is a loss per se because the Eli Lilly facility built up a significant talent base for biomedical studies, which has now been absorbed by other companies that subsequently set up operations in Singapore.

Over the past ten years, our research base grew from 2,000 to 5,800 researchers. I believe that one of the advantages of Singapore is the ability to offera very diverse pool of talent. For example, researchers working in Novartis' Institute of Tropical Diseases based in Singapore are from 18

different nationalities. I would argue that it is hard to access that diversity of talent in any other Asian city.

Looking into the future, how will EDB capitalize on further enhancing the biopharma and the pharmaceutical industry?

We are just at the starting point of deriving value from our investments in translational research. There has been much interest from companies exploring different models in the research space. In the manufacturing area we have broadened our modalities from small molecule to biologics to cell therapy, but we are also looking to build our own capabilities in process research.

Lonza, a Swiss based producer of pharmaceutical ingredients, recently set up a bioprocess research facility and Abbott has established an analytical sciences laboratory. I believe these investments in Singapore will help us further expand our expertise in manufacturing, given our goals of being at the forefront of manufacturing technologies, having the best facilities in the world and being the leader in translational research for Asian diseases.

After your recent appointment to this position (this July), what are your main concerns and your main ambitions in advancing the EDB?

I believe there are many exciting opportunities ahead for Singapore because of the strong interest in and influence of Asia. The US and European markets are not growing as well, but China's 7.5% growth with 1.3 billion inhabitants is illustrative of the opportunities in Asia. South East Asia is also experiencing strong growth.

We want to ensure that Singapore continue to capture value as companies look to establish their home base in Asia. We are seeing an increase in the number of senior positions that are being created and established in Singapore, for all of Asia. For example, GSK has based its Emerging Markets and Asia Pacific headquarters in Singapore. Similarly, we see this phenomenon replicated in many companies.

Another exciting opportunity is Asian companies seeking to internationalize. We have several thousands of Indian and Chinese companies that use Singapore as a regional base. This positions Singapore as a Global-Asia hub

What is the commitment that EDB has to the pharmaceutical, biopharmaceutical and life sciences industry?

In short, our commitment to the industry is to continue building industry relevant capabilities. We hope to elevate the biomedical sciences sector in Singapore to new levels through firstly, establishing regulatory expertise and secondly, to cooperate with companies in order to build a deeper understanding of the region's healthcare needs.

For instance, we have established a program that supports companies to send their researchers into the region to obtain insights into patients and diseases. Upon their return to Singapore, the researchers can then translate these findings into products.

Moreover, our Singapore-Stanford Biodesign Program is directed towards Singaporeans who have an interest in the invention and early-stage development of new medical technologies. The researchers following this program spend six months in Singapore and six months at Stanford University working in a multidisciplinary team that brings together innovators from engineering, medical and business backgrounds.

Healthcare today in Singapore is in a very good position, as we are spending less than 4% of our GDP on healthcare. With a growing aging population we want to ensure that healthcare costs remain manageable. We believe there are opportunities for us to work with companies to develop products, services and solutions such as remote diagnostics and preventive treatment in order to minimize the amount of care required in hospitals. These solutions can subsequently be exported to other Asian countries and globally that also face the challenges of an aging population.

Apart from the incentives and the great business landscape, what are the day-to-day life components that make Singapore so attractive?

Generally executives moving to a new location with their families look for three aspects: safety, quality of (international) schooling and quality of healthcare. We are well positioned to offer best in Asia, if not globally, for all three considerations.

After working in EDB for 18 years, what do you find is the most satisfactory part of being a public servant?

To me, the most satisfactory part of my job is making a visible difference to the lives of Singaporeans. The quality of the jobs that we have brought to Singapore has provided citizens with the opportunity to move up the ladder in terms of the responsibilities they undertake and the nature of the jobs that they do. EDB will continue to ensure that we build up the capabilities that give Singaporeans the best chance possible to take up these jobs.

What will be your final message for our readers?

Asia is on the cusp of a very exciting growth in the biomedical sciences sector. We have invested to build up significant capabilities in translational research, manufacturing excellence and healthcare services. Singapore is an attractive home base for multinational pharmaceutical corporations and well-positioned to aid companies in their growth. We welcome them to join the fast growing Singapore community.

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