Tim Philippi – Executive Director, Singaporean-German Chamber of Industry & Commerce (SGC)



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The SGC's Dr Tim Philippi introduces the sizeable Singaporean-German trading relationship and the importance of healthcare and the life sciences within it. Dr Philippi also outlines the impact of the COVID-19 pandemic on the SGC's members and why Singapore remains the premier investment destination for European companies in Asia.

Can you begin by reacquainting our readership with the Singaporean-German Chamber of Industry & Commerce (SGC) and its mission?

The SGC is part of a network of around 140 offices of German bilateral Chambers of Commerce and Industry across more than 90 countries. The SGC is a membership organisation, but also an institution of German foreign trade. Our mission is to help promoting trade between Germany, Singapore and the region.

The SGC is one of the largest business chambers in Singapore, with a membership of around 550 companies from a variety of industries. We are a networking platform and host seminars, talks and conferences. The SGC is connected to both, local businesses and the local authorities in Singapore, and engages amongst others in advocacy work, mainly through our committees. Our trade promotion department informs German businesses about Singapore and Singaporean businesses about Germany, and provides services including business matching, trade missions and market

research.

What has changed in terms of the trading relationship between Germany and Singapore since PharmaBoardroom last spoke to you back in 2016?

There has been a growth in imports and exports, and the number of German companies in Singapore has risen continuously since 2016. There are now more than 1,850 German companies registered in Singapore, and in recent years between 50 to 80 new German companies came to Singapore annually. The trade volume between Germany and Singapore has increased to around SGD 1.57 billion in 2019 – an amount 7,8 percent higher than four years ago.

How has the pandemic affected German-Singaporean trade?

The pandemic has reached Singapore already at an early stage, but the city has reacted swiftly and very efficiently.

Regarding our members' businesses let me just give you one example: As the largest ASEAN export market for German companies, a hub for the region, and the stepping-stone to the rest of ASEAN as well as Australia and New Zealand, Singapore plays a fundamental role for most German companies active in ASEAN. Hence, travel restrictions have posed a major challenge to companies in Singapore.

Of course, our member companies increased the usage of digital tools. However, as it turns out, virtual meetings and virtual conferences cannot entirely replace face-to-face meetings in particular when it comes to new clients and customers.

We are hopeful that with the deployment of vaccines, the travel restrictions currently in place across Asia and the world will be eased soon, to allow businesses to have more face-to-face meetings again.

How has Singapore's successful handling of the pandemic impacted business?

The Singaporean government acted fast and professionally. Businesses were supported financially to avoid lay-offs. Trade was kept open and there were no restrictions at all. The country handled the pandemic very well and established a safe and reliable environment in which businesses could

do their work.

Important was also the establishment of reciprocal green lane arrangements to facilitate business travel between Singapore and some other countries, e.g. Germany. With this, business people from Germany can travel to Singapore without quarantine.

How important is the healthcare and life sciences sector to the SGC?

There are various German companies active in this sector with offices, manufacturing, and research and development operations here. This list includes both chemical and healthcare companies and with many of them, the SGC works very closely. One of our ten committees is focused on healthcare and holds regular talks and seminars. We also have a Chemicals Industry Committee to offer a platform for exchange to the companies.

We also look at the healthcare and life sciences sector from the perspective of German Mittelstand (medium-sized enterprises). Many of Germany's Mittelstand companies are world market leaders in their field of expertise within medical devices and laboratory equipment. They are the niche experts in what they do.

Singapore often seems like the land of milk and honey for foreign investors. In what areas does Singapore need to improve as an investment destination?

There are many advantages of Singapore for business and investors. First of all, Singapore is highly connected. For German companies, regional connectivity is very important as they usually cover a large region from Singapore. Moreover, some of the advantages include an excellent educated workforce, the English language, a reliable legal system, and the absence of corruption, to name just a few.

Overall, Singapore offers a highly developed infrastructure for companies. In normal times, you can land at Singapore's Changi airport and be in the office within an hour. Obviously, this is currently not possible due to COVID-19. However, Singapore is really well connected and has a very high-quality transport infrastructure. It is important to note, that around 20 percent of Singapore's GDP is derived from manufacturing. The structure of Singapore's economy in this perspective is similar to that of Germany. This offers German businesses advantages in going to market and offering their products.

Besides that, the country has an excellent schooling system, an outstanding healthcare system, and basically no crime, meaning that it is also a very good environment for families. These are qualities that many other countries cannot offer.

But there are also challenges. Singapore is an expensive place and companies operating here need to be aware of costs. Manufacturing needs a high level of automation, as well as highly qualified manpower. Since salaries are comparatively high, companies operating here always need to keep these cost factors in mind.

How has the EU-Singapore FTA impacted Singaporean businesses?

The EU-Singapore FTA (EUSFTA) came into effect in November 2019 and facilitates the cross-border trade in goods and services between the two, EU and Singapore. Above all, the EUSFTA eliminates tariffs on almost all goods. This includes all tariffs on pharmaceuticals and medical devices. By now most tariffs have been eliminated. The remaining tariffs will be eliminated within the next couple of years. Beyond that, the EUSFTA also addresses technical barriers to trade. In fact, the agreement entails sector-specific rules for pharmaceuticals and medical devices, in which the EU and Singapore agree to use international standards, practices, and guidelines as a basis for technical regulation. The EUSFTA also addresses transparency, fairness and non-discrimination in the listing, pricing and reimbursement of pharmaceuticals.

Beyond trade in goods, the FTA also liberalizes the service-sector, including activities that are relevant for pharmaceuticals and medical devices, such as logistics and warehousing or research and development. Lastly, the Agreement covers various trade-related topics, such as intellectual property protection (IPR), e-commerce, competition policy and sustainable development that can be relevant for the pharmaceutical sector. For instance, the IPR chapter entails rules on patent extensions and regulatory data protection.

Moving forwards, what are the SGC’s main priorities?

It is of utmost importance for businesses that the coronavirus vaccine will be deployed to control the pandemic. The COVID-19 pandemic poses a major challenge, not only for businesses, but for families, public health and individuals. Singapore is doing very well in controlling the spread of the virus and I hope that by next year everybody will be able to look back and be able to say that the situation has been put behind.

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