

Interview: Judith Fergin – Executive Director, AmCham Singapore



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The Executive Director of AmCham Singapore, former US Ambassador Judith Fergin, highlights why American companies are the largest source of FDI in the country and how Singapore's enterprise-friendly environment has made it a hotbed for international investor interest.

Can you please provide an overview of the chamber's presence within Singapore and also describe how it's progressed alongside Singapore's own development?

US investors have been here since long before Singapore became independent. We are celebrating almost 200 years of economic interchange between the United States and Singapore.

AmCham itself arose organically from the American business community. By the 1950s and 1960s, the US investment presence had expanded to the point where the creation an organization to represent its collective voice was imperative – leading to AmCham's official establishment in 1973.

We started out with a membership base of about 20 leading companies; membership has since grown to over 750 company or organization members that are represented by approximately 5,500 individuals.

The character of our membership has changed alongside Singapore's economic evolution. Our early members included manufacturers and service providers such as Allis-Chalmers, Mobil, General Electric, Firestone, and Citibank; today, most of our original members are still with us, but the sectoral balance has shifted and 70 percent of our members are focused on services – a mix that is

representative of the nation's own economic composition.

As you mentioned, there's been quite a longstanding relationship between the two nations. In terms of trade relations, can you elaborate on the significance of Singapore to the US?

Singapore is the US's 13th largest export market. In 2004, the bilateral free trade agreement entered into force and, as a result, there has been a significant increase in bilateral trade activity between the two countries. But the FTA did much more.

This FTA remains the gold standard for modern free trade agreements, not just for the United States and Singapore, but anywhere in the world, covering the typical elements such as tariffs and non-tariff barriers, but also investment rules, intellectual property, and other aspects of our deep bilateral economic relationship. The FTA effectively supported Singapore as it opened up its financial services sector and articulated foundational building blocks for intellectual property protection, which was crucial to Singapore's entry into its next phase of knowledge-intensive development and its pivot into the 21st century.

Both economies benefited from the FTA's investment provisions. US companies are the largest source of foreign direct investment in Singapore and Singapore's investment presence in the US is also now becoming increasingly prominent.

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Compared to some other countries you've worked in, what distinguishing qualities truly make Singapore such a favorable investment destination for your member companies in your opinion?

Singapore is very cognizant of the fact that it's a small market with few natural resources, so it was with purpose that the government originally focused on attracting foreign direct investment to develop the economy.

In order to attract foreign interest, it was imperative to establish the proper setting, environment, and incentives. This included the purposeful creation of the conditions in which private investments flourish such as sound rule of law, enforceability of contracts, IP protection, and a predictable regulatory environment. The authorities encouraged the establishment of international schools to support the relocation of executives with their families. And underlying all these factors was political and economic stability. Very few places in the world have such a concentration of all these factors set in one place.

Of course, given the relatively small scale of the domestic market, Singapore also recognized early on the need to become the primary facilitator of access for international companies looking to do business in neighboring Asian countries—leading to the confluence of factors I highlighted before and creating a completely unique value proposition for prospective investors.

Based on your discussions with some of your members, what are some of Singapore's limitations or challenges that, if left unaddressed, might prevent the country from truly capitalizing on its fundamentals and potentially inhibit the inward flow of investments moving forward?

There's really only one that immediately comes to mind and it is related to the size of the population.

Singapore has clearly overachieved on its KPIs, as the creation of good jobs has far outstripped the available supply of labor. The ratio of Singaporeans to foreigners in the workforce is approximately 2:1, highlighting the significant role that foreign workers are currently playing in the country's economy.

Like governments all over the world, the government actively manages the foreign workforce's size and composition. Investors need to consider this, and most companies we meet report that the scarcity of manpower requires careful planning on their side.

Moving forward the next couple decades, if the population's growth remains capped—whether that's Singaporeans or immigrants and expatriates—then the focus will have to remain on improving labor productivity to continue facilitating economic growth.

What advice would you give an American company coming to Singapore for the very first time that's looking to generate commercial success, not only within the country, but also the region?

It's the same rule for Singapore that you would have for any other community around the world or at home, which is to see how you can align your company interests with the interests of your host nation. And also to be sure to invest in your domestic workforce—they're one of Singapore's strongest attributes and will be one of your company's greatest assets as well. Newcomers and established investors alike benefit when they invest in their local employees—grooming, training, and promoting them, so they can ultimately become the future leaders of the organization.

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An essential aspect of operating in Singapore is encouraging an internationalization of attitude and experience. Everyone is looking externally to grow their businesses. To truly flourish, you need to know other markets besides your own. Forward-thinking companies assign their young Singaporean staff to international postings to give them the cross-cultural experiences that will equip them for future success.

What makes AmCham the ideal platform to help companies facilitate this entry?

We have a high-quality policy dialogue with the government so that we can better understand where it wants to the economy to go and where we can provide practical “boots-on-the-ground” input on what companies want, need, and can contribute—essentially we try to help bridge the gap between industry and policy makers.

Singaporean companies are becoming more and more international, creating an expanding footprint for national business. But international investors still have a pivotal role because of the shape of the economy and its historical development. Singapore is willing to treat foreign investors operating out of the country in the same manner as it treats domestic companies, spurring the business expansion of companies using Singapore as a base.

You've had the pleasure of having several international posts spanning your time working for the US Foreign Service. But what were your initial perceptions about Singapore before coming to the country and how have they changed now three years later?

When I came here for the first time over ten years ago, I knew the US had an incredibly complex and constantly evolving security and economic relationship with Singapore. It's one thing to know that from afar, however, and another to actually be on the inside of a country, helping a relationship grow and flourish.

My first posting here was a real learning experience of what a productive bilateral relationship can achieve when both parties are determined to make good things happen. Looking at the relationship from the private sector point of view now, my admiration for Singapore's ability to identify its national interests and execute programs and policies in line with achieving those ambitions only continues to grow; very few countries are as analytic and laser-focused as Singapore is in that regard.

How would you define the primary qualities of Singapore's business culture?

Singapore's economy is organized on the tripartite system, where government, labor, and employers all work together to maintain industrial harmony. There is constant dialogue on what workers or companies need, and what the government can do to address those needs and facilitate business development. For business leaders accustomed to the American system, the degree of collaboration between government and the private sector might very well serve as a surprise to newcomers.

Another dimension that is emphasized here more than in many other economies is lifelong skills upgrading. This is an important part of Singapore's program to keep the economy moving up the value chain. Hence there's a collective consensus on continually investing in training and education on a lifelong basis so that everybody can grow together and thrive in this nimble economy.

What will your strategic objectives focus on in the next 3 -5 years as Executive Director?

My personal ambitions revolve around fortifying our relationship with the government and having them see AmCham as a valuable and primary resource. All chambers around the globe perform a similar scope of activities, but different services are emphasized depending on where you are. If you're in a country with a difficult policy environment, you spend a lot of your time on advocacy. We spend some time on advocacy, but it's more focused on cooperation with the government to work through some of collective industry issues.

We also spend a significant amount of time trying to obtain the best analytic knowledge for our members, so they'll be better prepared to make good business decisions. Because so many of our members' offices serve as regional headquarters for their companies or particular functions, we present an unusual number of briefings about the business impact of what's going on in the region. To this end, my goal is to really raise the quality of the programs we offer in this arena so that AmCham can serve as the shortcut of choice to knowledge and insight.

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