



BT senior correspondent R Sivanithy moderating a discussion with panellists (from left) Vincent Low of Canon, Victor Mills of the Singapore International Chamber of Commerce, Kurt Wee from the Association of Small and Medium Enterprises, Vasu Menon from OCBC Bank and Chua Hak Bin, a GIC consultant, at Outlook 2017.

PHOTO: BT, CANON

## OUTLOOK 2017

# Going regional the way forward for businesses

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### Singapore

THE outlook for 2017 might be down-cast but it is not all doom and gloom – business leaders have pointed out that in adversity lies opportunity and Singapore companies, particularly small and medium-sized enterprises (SMEs), should look to the region for growth.

Sharing his thoughts at Outlook 2017 forum jointly organised by *The Business Times* and Canon on Tuesday, Kurt Wee, president for the Association of Small and Medium Enterprises (ASME) said because the cost of running a business here is high and is not helped by the sharp decline in domestic demand, the way forward for business owners is to regionalise and to move some of their operations to neighbouring countries.

Urging SME owners to learn to be more fluid and “go and rough it out and compete like a domestic competitor in overseas market”, Mr Wee said the benefits are tremendous. Wages would be an example.

“You’ll find that wages could be a third of what you pay in Singapore. You don’t get less competent people at all, in fact the workforce there might be easier to manage than the workforce in Singapore,” Mr Wee noted.

He added that if Singapore business owners can improve efficiency in their overseas subsidiaries, they would be better placed to compete with the local players there.

Echoing similar sentiments, panellist Victor Mills, chief executive of the Singapore International Chamber of Commerce (SICC) said the region offers plenty of opportunities “at our doorstep”.

In fact, he believes that the whole



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consumer market in Indonesia presents a great opportunity, noting that multinational corporations (MNCs) have already made their way to these markets, either for the talent pool or to lower operating costs.

“What I hear so often from some SMEs is that this is all too difficult, but just a thought: it’s no more difficult for MNCs. They’re often perceived to have lots of resources but usually, a move into a new market is a result of some entrepreneurial manager who takes a risk... If we can take that mindset, go out and manage the risks, we will be very successful because the Singapore brand that everybody in this room has built in these last 50 years is really something we can leverage on,” Mr Mills said.

Technology and innovation would

help businesses create value for customers, noted another panellist Vincent Low, general manager of Canon Singapore’s business imaging solutions division.

Still, challenges remain and Mr Wee noted that what the government needs to do is to “give SMEs muscles” for mergers and acquisitions (M&As), which in turn, would help these businesses grow faster than competitors.

This, as SMEs encounter difficulty in getting financing from banks for M&As even though the lenders’ non-performing loan ratios are typically low, he said.

On the investment outlook in 2017, Vasu Menon, senior investment strategist at OCBC Bank, said that the markets are expecting crude oil and gold prices, as well as federal funds rate to rise slightly from 2016 levels.

However, he said that global growth forecasts have been downgraded significantly in the past two years and that moving ahead, United States president-elect Donald Trump’s anti-trade policy would hurt Asia.

However, the question is whether Mr Trump would carry out his all his pre-election rhetoric which includes punitive tariffs on Chinese goods as he thinks China is a currency manipulator. Previously, Mr Trump also said he would rip apart free trade agreements when elected.

GIC consultant Chua Hak Bin warned businesses to prepare for higher interest rates and tighter financial conditions in 2017.

To mitigate the headwinds, he suggested that the government fine-tune some of its policies such as lowering foreign worker levies, which have been rising in the past few years.

Some 350 participants attended the event at Marina Mandarin.