

DPM Lawrence Wong at the Forbes Global CEO Conference Gala Dinner 2022



Deputy Prime Minister and Minister for Finance Lawrence Wong’s Dialogue at the Forbes Global CEO Conference Gala Dinner.

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Rich Karlgaard, Futurist and Editor-at-Large, Forbes Media: Deputy Prime Minister, I cannot tell you how excited I have been about this and I have been thinking about this for weeks. It is such an honour to have you with us, and especially here in Singapore, where we are celebrating our 20th Forbes Global CEO Conference. In fact, our last one was in 2019. For obvious reasons, we did not have a Conference in 2020 and 2021. In fact, we first started, and when I say we, I really mean William Adamopoulos and Steve Forbes, who started this conference in Singapore in 2001.

Deputy Prime Minister and Minister for Finance Lawrence Wong: Good evening, everyone. It is very good to be here for this Forbes Conference. Welcome Forbes back to Singapore and welcome to all our overseas guests to Singapore as well. Forbes' Conference is not something I am unfamiliar with. In fact, when Forbes came in 2001, it was shortly after when PM Lee Hsien Loong became PM. I recall you had invited him to speak, and I had happened to be the PM's then-Principal Private Secretary at that time. I recall working closely with Will and Steve to make the arrangements for the Forbes conference that PM Lee Hsien Loong had attended. Never in my wildest dreams then, did I think that I will be here speaking to you in this capacity. Life throws curveballs at you, and you just have to go with the flow. Just seeing the energy that was in this room just now, I was telling Will that it is quite different from the conferences that I have attended before. Clearly, there is a lot more energy, intermingling, and so much desire to connect with one another after two and a half years. It shows how much we are starved for human connection and how much of an impact the last two and a half years had to our lives. So, I want to start, first of all, by acknowledging everyone in Singapore who has been through this period of Covid-19 with us together, through some ups and downs here. It has not been easy, but I want to thank everyone here who has been with us – for your cooperation, your forbearance, and for cooperating with the Government measures. Today, I think we are in a much better position because of our collective efforts. Thank you very much for that. The conference could not have come at a better timing because we recently eased our measures in Singapore, and masks are optional. Clearly, all of you have just embraced them. No one is thinking about wearing masks now. You are intermingling, and there is no safe distancing. Hopefully, all this is behind us. But you never know, we are living in a very turbulent time. Covid-19, we think is not over. We hope that the worst is over – but who can tell? I do not think the pandemic is over, and hopefully, the next mutation of the

virus will be milder. But it is not just Covid-19, because as all of you know, we are entering a different global order. It is not just about the invasion in Ukraine, and the disruptions this has caused to energy and food supplies, but also about the broader US-China relationship and the sense that we are entering a new era in the global order. And so, there are tremendous uncertainties all around. But despite these challenging times, we believe that here in Singapore, this little island that we are, we can continue to be a bastion for stability, opportunities, and innovation. We can continue to be a reliable and trusted node in the global order. And we can only do that by bringing people together by having strong partnerships and by being a place where the human spirit continues to thrive, despite the adversity that happens around us. So, we welcome your presence here. Many of you have businesses in Singapore and many of you may be thinking of doing something in Singapore. We welcome all of you to consider expanding your presence here, we welcome your partnership, and we look forward to working together to make Singapore that bright, shining node even in an uncertain and volatile world. Thank you.

We believe that here in Singapore, this little island that we are, we can continue to be a bastion for stability, opportunities, and innovation. We can continue to be a reliable and trusted node in the global order.

Mr. Karlgaard: Well, I think you have very accurately described the economy that we are entering into post Covid-19, it is a new era, and Justin Doebele, the editor of Forbes Asia, called it the ‘new abnormal’. We would all like to go back to what was normal before, but it is impossible and there are so many challenges we faced and some of them seem to be of a contradictory nature. It is a difficult environment for investors, entrepreneurs and businesspeople to navigate and one of those uncertainties has to do with trade and deglobalisation. Our first panel this morning was called ‘the new abnormal’ and the biggest worry that came out of that was not so much any specific line of geopolitical tension, but just generally, the trend against globalisation that arguably started after the financial crisis of 2008 and 2009, and then was accelerating during Covid-19. I know that you are a big advocate of globalisation and then the flip side is that you worry about deglobalisation. Give us your thoughts on that.

DPM Wong: Sure. I think it is a little too early to say if we are entering an era of

deglobalisation in the sense that the whole global system unravels, and we started to become more self-sufficient. But what is clear is that there is a change, and this change is not just temporary, it is a fundamental change in the global system, and it is likely to be with us for some time. Whereas previously, companies were prepared to go for just-in-time efficiencies and buy the cheapest available. I think now everyone is prepared to pay a little bit more for just-in-case precautions and for greater resilience, where previously the logic was, countries did not have to be friends to do business with one another. In fact, the hope was that the more we traded and invested in each other, we would tamp down geopolitical rivalry. Remember the McDonald's theory? That when you had McDonald's everywhere, there would be no war?

Mr. Karlgaard: And the end of history.

DPM Wong: And the end of history. Now a different logic is at play, where geopolitics are shaping trade and investments. The golden age of globalisation that we experienced in the last 30 years since the end of the Cold War has ended, clearly, and we are entering a new era, one that will be marked by greater geopolitical contestation; and when geopolitics will drive more economics, trade, and investment decisions – if such actions become more normalised – I think it will lead us toward a more dangerous and fractured world. Those are the consequences that we worry greatly about.

Mr. Karlgaard: Well, as the world moves against the direction of one giant, optimised supply chain that describes this three year period where there was an intensification of globalisation, it does not seem like everybody has decided to onshore, nearshore so much as the smartest companies are thinking about resilience and configurable supply chains and using information technology to really make rapidly adaptable configurable supply chains based on weather, geopolitical tensions, labor shortages, and so on. Singapore benefits very greatly from globalisation. But it seems to me as your growing hub, as a financial center and technology center, that you will do just fine in the era of resilient and redundant supply chains as well.

DPM Wong: We are trying our best; we want to be a key node in this new global network. So even as supply chains start to reconfigure, however it gets reconfigured, we want Singapore to remain that key node, and that is why we are pressing ahead with our plans to double the capacity of our airports and our container seaports, because we want to make sure that capacity is in place to

accommodate the increase in demand. But beyond getting capacity ready – a key prerequisite for us to be that key node – is that Singapore must always maintain the reliability and confidence and trust of businesses. That is very important. That is why in the height of the pandemic, remember two years ago, countries were scrambling for supplies, and we were short of supplies too, (but) we never contemplated export control measures. We kept Singapore open, we allowed businesses to use Singapore as a hub, and we wanted to build credibility, confidence, and trust in Singapore. And I think we have done that. That is why we aim to be able to capture a greater share of re-exports and transhipment flows. So that is a big part of our strategy – to continue to be relevant, reliable, and trusted, even as supply chains reconfigure.

Mr. Karlgaard: And when I think of the trust people have in Singapore, I think that among all dimensions, it is just a trusted civil society here. It is safe. Your infrastructure is first rate. Your financial system is first rate. But particularly now, I think having trust in Singapore, geopolitically, is absolutely vital as tensions between China and the West are moving in the wrong direction. Having kind of a trusted, rational voice that shows countries how to navigate an increasingly tricky path becomes very important. Can you talk about the challenges of navigating these growing tensions between China and the West and the role that Singapore plays in that?

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DPM Wong: Sure, it is a challenge that all of us face, companies, and countries, because the US-China relationship is the most consequential relationship in the world, and it shapes the tone of global affairs.

Unfortunately, relations are worsening, and we can see that happening day by day. And the countries are divided on many issues, ranging from different rival ideologies to systems of government. And now, more recently, sharply escalating tensions over Taiwan. So, we do worry. The fortunate thing is, I think on both sides, the leadership do not want direct confrontation at all, because they know so much is at stake and there is everything to lose. So that restrains them somewhat. But we

do worry that there may be accidents and miscalculations which can cause things to worsen very quickly. How does Singapore navigate this? We are friends with both sides, US and China. We are in no position at all to prescribe actions for either party. But we have been encouraging both sides to keep open lines of communication, especially and including at the highest levels. And it is good that the leaders on both sides have had a virtual meeting recently and they have agreed also to meet face-to-face quite soon. So, we hope with that ability to continue to keep in touch, especially face-to-face, which has been difficult for China especially over the last two and a half years, there will be an ability to establish a new modus vivendi between the two countries; recognising that the world is big enough for China and the US to co-exist, and the two countries do not have to define their relationship in adversarial terms. Yes, there can be competition on several fronts, in fact very rigorous competition. But in many other areas, there are in fact shared interests, especially in dealing with issues like climate change and pandemic response, where we do need the two powers to come together in order for us to make progress.

Mr. Karlgaard: You have spoken quite a bit about the worry that you have about a miscalculation, and I was thinking, I mentioned this on a previous panel that, from 1890 through 1910, there was this great push for globalisation in the world. And then came one of the most tragic events in human history, World War One, which was really a series of miscalculations and accidents, unlike World War Two and some other major conflicts, World War One seems to truly have been a miscalculation. Global trade is a percent of global GDP, never got back to what it was in 1910 until about the 1990s. Even though the leadership in China is rational and does not want a miscalculation, even though the leadership in the United States is rational and does not want a miscalculation, there seems to be this disturbing kind of populism rising in the world that is almost itching for a fight, not thinking through what the horrible consequences of such a fight would be. Do you detect this rising populism as a barrier to getting back on the past globalisation and reducing tensions between the great superpowers?

DPM Wong: It is domestic politics at play in both countries and China is susceptible to domestic politics too. It is not just in the US where you may say that democracy is a bit more rambunctious. But China too has domestic politics to deal with and so I think that makes it difficult for both sides. It constrains the ability on both sides to see any ground so that is certainly a factor. I think with today's generation of leaders on both sides, they do understand the stakes because on both sides, people have seen what conflict is like, and they do not want to see it happen in their

lifetimes. What we should be worried and concerned about is the next generation growing up in a very different environment in both the US and China; if there is no ability for the people-to-people connection and communication to happen, it is very easy to portray the other side as the bad guy and we are the good guys, and if both sides do that, you have a whole generation of people growing up thinking that way. Then what happens 20 years from now, 30 years from now? I think that is something we should be concerned about, and that is why maintaining those lines of communication, having people-to-people contact is so important, because it is all about building trust. You have got to do that at the strategic level between the US and China. As the saying goes, trust is built painstakingly drop by drop, but trust can be lost in buckets very quickly. We hope that the leadership on both sides understand the importance of building trust, both for today and for the future.

Mr. Karlgaard: Well, trade agreements are not the only way you achieve trust, but they are certainly helpful, and talk about your aspirations to renew some of the trade agreements that President Trump walked away from. One of his first actions was to walk away from the Trans-Pacific Partnership and I think people were hoping the Biden administration would revive it and they have not; it has been a disappointment. There is some real bipartisan disappointment for you folks. How do we revive these kinds of things and talk about that, maybe talk about trade within ASEAN, and then maybe an overview for Singapore to become a member of the G20? Take that as a question that you can go wherever you want.

DPM Wong: We are believers in trade. Trade is existential for Singapore because we are such a small open economy. Trade is three times the size of our GDP and as part of ASEAN, our philosophy is that we want all the major powers to engage ASEAN and to have stakes in ASEAN. That is why we tell our friends in both America and China to engage the region more constructively and comprehensively, and engage the region on its own merits, not through the prism of a US-China relationship or US-China competition. We have good links to both China and the US, and we welcome deeper links with both sides. With the US, we were not able to get the trade deal done with TPP and then it became CPTPP. President Biden has now launched the Indo-Pacific Economic Framework (IPEF). We do not have market access for now. Still, I think there is a lot of substance in the IPEF. You have got supply chains; the green economy; areas that we can work together on. That is why we are very happy at the launch of IPEF — we have quite a number of ASEAN countries participating in the IPEF, and we hope this will be one platform which will allow America to engage the region more comprehensively. The key is to make sure

that this continues through different administrations.

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Mr. Karlgaard: Well, I want to come back to the question that not only administrations in the US and leadership in China, but I want to come back to the question a little later about the well-known likelihood that you will be the successor of PM Lee. But on this, I want to switch right now to: Singapore is a financial hub — you are clearly the financial hub of the ASEAN nations, Southeast Asia — you are growing. Anybody who just watches the progression of Singapore can see you migrating from a regional financial hub to a global financial hub, becoming before our eyes the Zurich and London of the 21st century. Describe that evolution, and particularly in your role as DPM and Finance Minister, how you look at that evolution and your hopes for Singapore as a global financial hub.

DPM Wong: It has been decades in the making. We started this journey decades ago, and we are fortunate that we have continued to make progress over the years. Five years ago, we put together what we call an Industry Transformation Map, where we set out targets to grow different segments of the financial services industry. Recently, we did a stock-take, and we were very happy that we have exceeded all the targets that we have set for ourselves. It is not just the headline figures of growth in the financial services sector, or jobs created, but the fact that, as you highlighted, there is a growing vibrancy around the financial services sector — it is across different segments of the industry, not just in funds, capital markets or the financial institutions, but also in the growing FinTech space. But in typical Singapore fashion, we do not take things for granted. We are always paranoid that somebody else will take our lunch. So we are continuing to set new targets for the next five years to see what more we can do to deepen our capabilities, anchor new players in growing areas like digitalisation and sustainability, so we see these as two major trends that will shape the future of finance. Digitalisation – a lot of things are happening there. Sustainability is one of the fastest growing segments in our

financial services sector, especially where green financing is concerned. So (there are) lots of areas for us to do and we are now mapping out the next five years, or where we might want to go. We will continue to do that — keep on growing, keep on being relevant to the region and the world, and partnering with all of you and many other new players to continue to make Singapore that financial centre that is relevant, that is attractive, and that will make a difference.

Mr. Karlgaard: Part of your strategy is to really become a talent hub in the world, or a talent in financial services both at institutional level and at the start-up level. Can you describe that? And I know this sort of bias for talent and meritocracy informs even the way the government is organised, and you recruit for the best people, and you pay them professional salaries and all of that, so it is embedded into your way of thinking that being a talent hub is better than the opposite. And so, describe sort of what you are doing now to increase Singapore, to talented financial people around the world and how they perceive Singapore.

DPM Wong: It is all about talent at the end of the day. Singapore is an improbable country: we were never meant to be. We were never meant to exist as a sovereign country. Adversity and vulnerability are part of our karma. We have no natural resources; we have got nothing at all but a small piece of land. The only thing we have is people, and so we have turned our adversity into an area of strength, where we can develop human capital to its fullest potential. That is for our own people in Singapore, giving them opportunities to excel, to do their best, and be the best that they can possibly be in all areas, including in finance. Finance typically has no difficulty attracting talent, but we want talent everywhere, across all sectors of the economy, and at the same time, we want to stay open to bringing in talent from around the world. Here in Singapore, you can form the best teams comprising Singaporeans as well as people (from) everywhere. We want you to be able to do exciting, cutting-edge, innovative projects to push the frontier and take us forward.

Mr. Karlgaard: Singapore, as a startup community, described that start-up communities are, when you look at the Silicon Valleys, the Seattles, the Tel Avivs, and places around the world, where companies start up – maybe Israel is a more relevant example because the population is the most like Singapore, and yet its companies, particularly in IT and financial product security, are world class. If you look around the world, look at Singapore, and think about how you want to be world class, do you look at the examples like that?

DPM Wong: We do. When it comes to the start-up space, I think we have been

doing better. It has become a much more vibrant ecosystem in Singapore over the last two decades. There are a few reasons for it, one of it is that the Government has also started this journey about 15 to 20 years ago, where we invested heavily in public R&D. These investments in basic science, basic research, require a long gestation period. You need patient capital. Certainly, well beyond the window period that venture capitalist may be familiar with or may be prepared to have, because these things take a long time to translate into commercial opportunities. We have been steadily doing that year by year since 15 or 20 years ago and we have started to see more translation of research into commercial projects. That is why we are seeing some good results bearing fruit. In the last two and a half years when we had to tackle endemic, for example, our investments in biomedical research and science paid off. We had companies that were able to help us provide solutions for testing for a whole range of different needs that came up during the pandemic. So that is the one thing that has paid off, and we will continue to invest heavily in R&D. The second thing that we have been doing, is to get our students more exposed to these different start-up ecosystems overseas, be it in Israel or Silicon Valley. We have exchange programmes – we have programmes for them to spend time overseas, and they imbibe a bit of that culture, and they get excited. So, there has been a change in our younger generation. 15, 20 years ago if you go to a university, not very many people will talk about wanting to be an entrepreneur, but it has changed now. Many more people are prepared to do it. They are enthused by it, and they are prepared to spend time overseas too. So, these are promising signs. I do not think we are quite at where Israel is, but we hope that we can get there some day.

Mr. Karlgaard: Well, I promised I would ask you about your relationship with PM Lee. It is no secret that you are presumed the next PM of Singapore yourself. How do you and PM Lee talk about this transition, and when you expect it to occur?

DPM Wong: It is not a question that I can answer because we have not decided. Honestly, we have not decided. We have a good relationship, we work together. We have worked together, me as his Principal Private Secretary, and later as his colleague in cabinet after I joined politics in 2011. We have settled the succession issue in our team. We went through a process where my colleagues in Cabinet decided that I would be the best candidate to lead the team, and I am honored by their choice. So, my priority now is to really work on the different ways we want to organise ourselves, the issues that are pressing right now in Singapore, cost of living, getting through a possible economic slowdown next year, and making sure we navigate through successfully the pandemic because we worry that you may

have another flare up and new mutations coming up. These are taking up a lot of my time.

We do think about the transition and the timing; the Prime Minister has said that he would like it to be sooner, and he never fails to remind me that this is something that is on his mind. But I have also said that we will do it at a time when we are ready and when I am ready for it, and when I am confident that the team is ready for it, I will let him know and we will certainly let Singaporeans know, and you, of course, too.

Mr. Karlgaard: Thank you for that answer. This is why we come to Forbes Global CEO conferences – to get insights. One quick question, and then Rana will come up and manage the audience Q&A. When you think of Singapore as a brand, and where you want to take that brand, are there any two, three or four words that pop up? And I heard a word earlier when you were addressing the audience that I thought fit Singapore to a tee, and that word is 'thrive'. That Singapore is a place where people can come in thrive. But in your words, what is the brand that is Singapore in the global economy and where you want to take it?

DPM Wong: I have another one that starts with 'T' and that is 'trust'. It is trust within Singapore and it is also trust with all our partners. We are fortunate in Singapore to be a high trust society. And trust enables many things to get done. Things to get done within Singapore and things to get done with our partners. Because we trust one another, there is a strong compact, and we work together, and we keep faith with each other. That is what keeps Singapore going. And so, if there is one thing that we hold dear, it is to make sure that we continue to strengthen trust in our society, credibility and confidence with our partners, so that we can always remain that high trust society even in a turbulent world.

Mr. Karlgaard: That is a great brand to have. Let us give the Deputy Prime Minister a hand.



Deputy Prime Minister and Minister for Finance Lawrence Wong.



Rich Karlgaard, Futurist and Editor-at-Large, Forbes Media.