

Heng Swee Keat

Heng Swee Keat At The Asia Tech X Singapore Summit 2021

Keynote Address by Deputy Prime Minister and Coordinating Minister for Economic Policies Heng Swee Keat at the Asia Tech X Singapore Summit 2021 on July 13, 2021.



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Distinguished guests,

Ladies and gentlemen, A very good morning.

This inaugural Summit takes place at a critical juncture, as we seek to recover from the global fallout of the COVID-19 pandemic.

The virus has taken the world by storm, in a manner that none of us could have imagined. four million lives have been lost. Countless livelihoods have been disrupted.

The pandemic sent the global economy into a tailspin, and the world is seeking to recover from its worst recession in a century.

Some are wondering if 2020 marked the end of a long period of globalisation as we know it.

Globalisation has powered the world through several decades of growth and prosperity. But even before the pandemic struck, support for globalisation was on the wane.

The benefits of globalisation have been unevenly distributed, both within and across societies.

The pandemic put these challenges into much sharper relief.

What then will be the engine that will power the world out of this global recession, into a new era of growth and prosperity?

I believe a big part of the answer lies with the digital revolution.

The digital revolution was well underway, even before COVID-19. But the pandemic has turbocharged the pace of digital change.

Online transactions and e-payments shot up during the pandemic, in Singapore and the region.

According to a McKinsey survey, companies around the world have accelerated digitisation by three to four years.

With the Internet of Things, semiconductor chips have spread from computers and smart phones, to cars and home appliances.

Just as globalisation drove decades of economic growth around the world, I believe the fast-growing digital economy can propel us to a better future.

In Asia, and Southeast Asia in particular, the potential for digital is tremendous. Southeast Asia's digital economy is projected to grow three-fold by 2025, expanding to over US$300billion.

Investment in technology remains strong, despite the headwinds.

Consumer demand is growing rapidly, boosted by an expanding middle class and a fast-growing internet population.

This Summit is timely in bringing together governments and industry players from over 30 countries, to "redefine technology for a better future". I also warmly welcome a few distinguished guests who are joining this Summit physically from Singapore, including Estonian President Kersti Kaljulaid, and Indonesian Coordinating Minister for Economic Affairs Airlangga Hartarto.

Digital technology has redefined the way we work, live and play. In turn, COVID-19 has accelerated the adoption of technology beyond the wildest dream of many CTOs.

But the question before us is how we can collectively redefine digital technology in a way that will lead to a better future?

Unlocking the Full Potential of Digital

Many of the possibilities offered by the digital revolution – and there are plenty – can be within reach, if each of us pursue them with our best effort. We can safely leave these pursuits to the grit, resourcefulness and ingenuity of companies and entrepreneurs.

But unlocking the full potential of digital goes beyond our individual efforts. Some possibilities can only be realised through collective action. What are some of these areas?

Let me highlight three. Secure, Seamless and User- Centric Data Flows The first area of collective action is in how we can enable secure and seamless digital transactions, as more individuals and companies go online.

Many of us are now used to going online for our needs and making e payments.

Increasingly, we are looking at more complex digital transactions – involving pulling information from multiple sources and interfacing with multiple parties.

Each company, government and institution often has its own system. In fact, most operate multiple systems.

Enabling the secure and seamless flow of data in a manner that is user-centric would be key to unlocking the full potential of digital.

In Singapore, we started in the area of finance. People often bank with different institutions, trade on different platforms, and purchase products from different insurers.

When we need to consolidate our finances, this is often onerous. So the Monetary Authority of Singapore and financial institutions based here came together to work on a solution.

At the end of last year, I launched the Singapore Financial Data Exchange or SGFinDex. This is the world's first public digital infrastructure that allows a person to sign in using his national digital identity.

The user can provide consent to obtain his financial information from different financial institutions and agencies.

Data from each source is encrypted and transmitted through the Exchange without being stored.

Individuals can view their consolidated financial information much more seamlessly, and potentially be offered customised services based on individual needs. Since then, more than 120,000 people have made use of SGFinDex. Today, I am pleased to launch our second exchange – the Singapore Trade Data Exchange or SGTraDex.

The launch of SGTraDex is most timely, as we see a reconfiguration of global trade flows and supply chains.

The movement of goods is often marked by significant inefficiencies. Logistic players face frequent congestion at depots and warehouses.

They are not able to fully plan due to limited visibility of where the cargo is in the supply chain.

Shippers must complete multiple forms – for customs declaration, trade financing and insurance. Often, most of the information fields required are similar.

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Buyers are also not able to accurately track their orders, creating uncertainty on their end. When we started a new series of public-private partnerships called the Alliances for Action last year, we convened one Alliance on Supply Chain Digitalisation.

The Alliance brought together stakeholders in the supply chain eco-system – including our port operator PSA International, and commodities trader Trafigura.

Their efforts led to SGTraDex – a common data infrastructure for the supply chain eco-system.

This is a breakthrough which allows stakeholders to easily ‘plug and play’ to exchange data in a secure environment.

Our goal is to on-board stakeholders along the supply chain, especially smaller firms, so that they can be part of this digital backbone.

Once on board, firms can exchange information with other parties through SGTraDex. The data will be encrypted and transmitted without being stored.

With SGTraDex, previously unavailable or difficult to obtain data – such as real time cargo location – can be easily attained. This will enable logistic players and shippers to optimise cargo handling and operations.

From the pilots so far, SGTraDex has the potential to unlock more than US$150 million of value annually for the supply chain ecosystem.

SGTraDex will also enable new value-added services for supply chain participants

and speed up the processing of customs clearance, trade financing, insurance and other related activities.

Beyond SGFinDex and SGTraDex, such an approach to trusted data sharing can potentially be applied to other areas and in other jurisdictions.

What is critical is that all industry players work together – setting aside differences and even collaborating with competitors – to establish common infrastructure and standards.

As we transform our economies to keep pace with digital change, I hope more business leaders will step forward to be part of these exchanges, or to set up new ones for their industries.

Digitally Connected World

I have spoken on how we are seeking to realise the potential of secure and seamless digital transactions in Singapore.

But in a much more inter-connected world, the potential is even greater across borders.

Since global rules for the trading of goods were established after the Second World War, the global economy has grown at an unprecedented scale.

As digital trade drives economic recovery and the next wave of global growth, we will need greater collaboration to harmonise standards and enable the trusted flow of data across borders.

Without global rules for the digital economy, geographical boundaries could easily become barriers for what could be a virtually unlimited digital world.

Developing such a set of global rules will not be easy, as we need to build consensus across all countries. But we can take small steps to help form this global consensus.

On the global stage, Japan, Australia and Singapore are co-convenors for the WTO Joint Statement Initiative on E-Commerce. With 86 WTO members on board, representing 90% of global trade, this initiative aims to create global baseline rules on the trade-related aspect of E-commerce.

In Southeast Asia, we are implementing the ASEAN Agreement on E-Commerce, and developed frameworks for digital integration and data management.

The action areas include enabling e-payments and facilitating digital transactions across borders, as well as promoting good data governance practices.

In addition, the ASEAN “single window” has taken effect from end-2019. This enables the easy exchange of electronic trade documents for the movement of goods within Southeast Asia.

There is also a need to develop new approaches for emerging aspects of the cross-border digital economy, such as the application of digital identities in cross-border transactions. To this end, Singapore has established Digital Economy Agreements with Australia, Chile and New Zealand. Discussions with South Korea and the United Kingdom are currently underway.

Through these building blocks that I have mentioned, we hope to work with all countries towards developing a common set of global rules for the digital economy.

Thiswill enable businesses to harness the potential of the digital economy across the world, unlimited by borders.

Investing Today For a Better Tomorrow

The third area that I would like to highlight is the importance of investing for the future.

The digital revolution that we are experiencing today, is powered by the technologies that we had patiently invested in over the decades.

AI for example, has been in development since the 1980s. A major milestone came in 1997, when Deep Blue became the first chess-playing computer to defeat a reigning world champion.

But it was not until the last five to ten years that we began to truly harness the potential of AI.

So even as we leverage on AI, IOT and 5G to power today’s digital revolution, we must continue to invest patient capital for new gamechangers in the next bound of growth. During a global recession, it is understandable that investments for the long

term would come under pressure.

But we should resist these pressures, as sustained investment in science and technology is critical to supporting innovation.

For example, Singapore has continued to stay the course on our investments in research and development.

Over the next five years, we will be investing US$19billion in research, innovation and enterprise, which includes a strong focus on digital technology.

We are building deeper capabilities in areas such as quantum and blockchain technologies. Another critical area is in digital communications. 5G networks are being rolled out and are expected to cover one-third of the world's population by 2025. We will need to look ahead at the next bound.

I am pleased to announce that Singapore will be launching a US$50million Future Communications Research & Development Programme.

The Programme will support AI and cybersecurity research for next-generation communications infrastructures, support testbeds for innovative pilots, and provide scholarships for those seeking to pursue research in communications.

The research objectives the Programme seeks to address are significant, but the resources we can commit as a small nation are modest.

Just like the COVID-19 virus, science knows no boundaries.

While each of us can pursue research excellence individually, our efforts are greatly multiplied when we work together.

So as part of this Programme, we will look to build international partnerships and strengthen collaboration across borders.

For a start, the Future Communications R&D Programme will establish a partnership with the 6G Flagship Programme in Finland.

The same approach to global partnerships applies to how Singapore has approached science and technology.

For example, our National Research Foundation has strong research collaborations with leading global universities and research institutions, including CNRS from France, ETH Zurich from Switzerland, MIT from the US, and Shanghai JiaoTong from China.

During this pandemic, we witnessed an unprecedented level of information sharing and cooperation in science and technology.

We must build on the positive momentum of collaboration in the fight against COVID-19, and redouble our efforts to strengthen global partnerships in R&D.

Only by working together can we multiply the impact of science and technology to build the digital world of tomorrow.

Building a More Inclusive Digital Future

The force of digital technology can propel the next wave of global growth and lift us out of the worst recession in a century.

But redefining technology for a better future goes beyond that. As we unlock the full potential of digital, we must always remember to use technology as a force for good. We must wield it in a way that will improve lives and the environment, and work hard to ensure that a growing digital arena does not result in a widening digital divide.

This will require stronger governance on the use of technology. Fair and ethical rules that are generally accepted will encourage more people to use and trust technology. Singapore launched the Model AI Governance Framework two years ago, which provides guidelines on how to address ethical and governance issues when deploying AI. These practices have been adopted by a range of companies, including DBS, Google, Visa and Microsoft.

Over the next five years, we will be investing US$19billion in research, innovation and enterprise, which includes a strong focus on digital technology.Fully unlocking the potential of digital, requires all of us – individuals, companies and countries – to work together.

Singapore also looks forward to contributing to international efforts to promote the responsible use of AI, such as through the Global Partnership on AI.

In addition, we must learn the past lessons from globalisation.

One important lesson is that globalisation has created tremendous opportunities for the talent and capital of those at the top, resulting in massive wealth accumulation. But it exposed the broad middle to sharper competition, and displaced many livelihoods. Inequality has widened as a result. Left to the natural order of things, the digital divide will widen as the digital revolution gains pace. COVID-19 has provided an early glimpse.

Many tech companies registered record revenue and profits, even as firms in hard-hit sectors were decimated.

With prolonged school closures, many have continued their education through home-based learning. But millions of children do not even have access to a computer, much less an internet connection.

Likewise, the digital marketplace has expanded significantly. But many small businesses which are not digitally savvy are left behind.

We must learn the past lesson of globalisation, and redouble our efforts to create a more inclusive digital future. In Singapore, we are making a concerted effort to bridge the digital divide.

We are teaching digital literacy and coding in schools, equipping our children with the skills to use technology safely and confidently.

As part of our economic transformation strategy, more companies are looking to transform and digitalise. We are also ensuring that our workers are equipped with the digital skills to take on new roles.

In the community, we are helping seniors with basic digital skills, and helping small businesses and hawkers go digital.

This is not just a government effort, but a collective effort that involves companies, workers and community stakeholders.

Building a digitally inclusive society requires all of us to do our part.

Businesses, in particular, can not only provide returns for shareholders, but also tackle the many challenges the world faces.

Doing well and doing good are not mutually exclusive. And consumers and employees want to support companies that improve lives and do impactful work.

Every time we conceptualise a new product or implement a new solution, we must think of how this can positively impact lives.

We must think of who might be left behind, and how we can help them. We must think of how this can lead to a better future.

Every step matters, and we can all do more starting from today. Conclusion Let me conclude.

COVID-19 has disrupted our lives and many livelihoods. But the pandemic has also accelerated the digital revolution.

Digital technology can be the new engine that will power the world out of this global recession into a new era of growth and prosperity. On this count, I believe Asia, and in particular Southeast Asia, has much to offer. Fully unlocking the potential of digital, requires all of us – individuals, companies and countries – to work together.

I have outlined how – through collective action – we can enable trusted flow of data, strengthen digital connections across borders, and continue to invest in new gamechangers.

As importantly, as we unlock the potential of digital, we must use technology in a way that will improve lives and create a more inclusive digital future. While many of you are joining the conference virtually, I welcome you to visit Singapore when the situation permits. In the meantime, I wish all of you a productive conference. Thank you.