

Innovate to differentiate



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Singapore once again finds itself at the nexus of profound global change. World events first shaped modern Singapore into a global trading hub, following the arrival of the British in 1819.

Now almost 200 years later, Singapore is once again at a crossroad between its future and its past, in a time which could shape the future of the Singapore story.

Three major global shifts underscore the circumstances that surround decisions that we as a nation state need to make if we are to thrive in this sea of rapid change.

First, is the shift of global economic might to Asia. Combined with the relative youth of its region's population demographics, this represents near-shore markets of opportunity for Singapore's companies.

The second is the emergence of new technologies at an ever-quicken pace. While these have the potential to disrupt, they also offer opportunities for Singapore's companies to compete globally.

The third is the plight of many mature economies, of an aging society and its rising social cost in terms of healthcare and that of a shrinking workforce.

Innovation is the theme

Underlying this year's Budget theme of a better future together, is the theme of innovation which covered the entire spectrum of innovation related activity, and acknowledges that innovation can mean different things to different companies.

While some deem innovation to be adopting new technologies, others wish to create or co-create their own innovation.

For instance, to encourage the adoption of new technologies, a 200 percent deduction for the licensing of intellectual property (IP) was proposed along with a Productivity Solutions Grant.

It was also heartening to hear that the changes we called for to the R&D incentives was heard.

To those who may focus on creating innovation, a 250 percent deduction was proposed for Research & Development (R&D) activity and a 200 percent deduction for Intellectual Property (IP) registration to protect any IP created.

Other announcements were made around greater National Research Foundation funding and the establishment of an Open Innovation Platform for co-creating solutions.

That national research capabilities very much remains a bedrock of economic competitiveness for Singapore, was reiterated as well.

A NRF-Temasek Commercialisation vehicle was announced, which will see a S\$100 million venture co-funded between the Government and Temasek to grow more companies drawing IP developed from publicly-funded research.

At the same time, R&D resources will be harnessed to drive greater adoption of digital technologies, automation and robots. To improve labour

productivity, the National Robotics Programme will be expanded.

Digital capabilities

As the Finance Minister pointed out, new technologies will bring new opportunities but also greater competition.

Singapore's companies have to change quickly, and its workers adapt at changing skillsets that will offer them good jobs in the digital economy.

Since the Tech Skills Accelerator (TeSA) was launched in 2016, over 27,000 training places have been taken up or committed to. It is therefore being expanded into new sectors such as manufacturing and professional services, where digital technologies have become indispensable.

At the same time, the Finance Minister acknowledged that even as we developed our people's capabilities, certain skillsets, likely in cybersecurity and data analytics, could not be trained fast enough.

As such, we heard the announcement of a Capability Transfer Programme, which would seek to plug missing skillsets quickly, and support the transfer of such skills from foreign specialists to Singaporean workers.

However, what was also needed was a flexible manpower framework to bring such foreign specialists into Singapore to address the immediate shortages, but this was not addressed in the Budget.

As ASEAN chair this year, innovation is also on the agenda, as Singapore seeks to strengthen the links among the innovation ecosystems in the region by developing an ASEAN Innovation Network.





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Smart, green and liveable city

Whether implicit or explicit, innovation also plays a role in how Singapore plans to tackle climate change and in our vision of a Smart Nation.

The Finance Minister articulated how our aim of a Smart Nation seeks to use new technologies to uplift the quality of life in Singapore, enhance economic competitiveness and promote social inclusion.

Laying the foundation for a Smart Nation, would be strategic projects such as a Smart Nation Sensor platform to enhance municipal service delivery and the opening of digital platforms for the private sector to build innovative services.

Another example, is the role of research and innovation in taking Singapore's sustainable development story to the next level.

A total of S\$250 million will be set aside for programmes promoting innovation in urban development, minimising the environment impact of waste and developing next-generation energy grid infrastructure.

What is however clear to me, is that Singapore's journey has moved from productivity - mentioned approximately 12 times in this year's speech - to innovation, mentioned a total of 31 times.

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