CHINA'S BELT AND ROAD INITIATIVE AND ITS IMPLICATIONS FOR SINGAPORE

YU Hong

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Executive Summary

1. Singapore-China relations are long-standing, comprehensive and time-tested. Singapore has been a strategic partner for China during its various important stages of development and supported China's efforts to engage with the world since its "reform and opening" policy in the late 1970s.

2. Singapore has since 2013 been the largest foreign investor in China, which for a tiny city-state is truly remarkable.

3. By leveraging on its competitive strength and strategic location, Singapore could become an important player because of its well-established market for finance, logistics and investment services.

4. Singapore is a key regional trading, shipping and financial hub that has developed a strong network of local and international banking institutions and financial service-related companies with rich experience in infrastructure project design, project planning and bidding, financing and construction.

5. The infrastructure deficits and enormous need for transportation and other infrastructure construction in the region give Singapore's banking and financial sectors and infrastructure development-related companies opportunities to partner with Chinese companies to take a lead in funding such infrastructure projects.

6. Singapore's home-grown companies in sectors ranging from trade, financial, shipping, aviation, and information and communications technology, city planning and smart city solutions to infrastructure-related professional services will be well placed to take advantage of the vast untapped opportunities along the routes of the Belt and Road Initiative (BRI).

7. Singapore is and will continue to be the primary investment destination for Chinese companies seeking to expand their business operations globally.

8. China is a key driver of economic growth and export demand in Singapore and many other regional countries. Its unexpectedly sharp economic slowdown and painful restructuring at home will inevitably have a significant spillover effect on the Singapore economy.

9. The Chinese economic slowdown could hinder the realisation of the government-backed BRI. In particular, the rapid accumulation of corporate debt by state-owned enterprises, the key players driving this grand initiative, could force them to slow down or even stop their outbound investment and expansion in the regions and in countries along the Silk Road.

10. China's far-reaching BRI could potentially change the future global landscape of commercial shipping and pose a serious threat to Singapore's long-held position as a key hub for maritime shipping and trade.

11. Nevertheless, Singapore's port so far has been more competitive than other smaller ports in the region due to its geographical and strategic advantages and the sophistication of the many services it provides.