

Tapping into 'Asia light'

SINGAPORE IS BECOMING A POPULAR DESTINATION FOR GULF INVESTORS LOOKING TO EXPAND THEIR BUSINESS INTO EMERGING MARKETS WRITTEN BY MELISSA SONG LOONG

Western countries such as the US, UK and Switzerland have, for the past century or so, dominated the wealth management landscape. But as the world recovers from the financial crisis, not to mention America's latest financial woes, things look set to change. Investors are increasingly focusing on new markets and segments that previously remained untapped.

Looking to expand their business and complement their operations in the Middle East, investors from the Gulf are being drawn to Asia as a major emerging market. Singapore, in particular, is rising fast in popularity.

Excellency can reveal that the GCC is currently working on a free trade agreement with Singapore – the first to be signed with another country.

“We have seen more GCC firms setting up regional base in Singapore. We expect the trend to increase once Saudi Arabia ratifies our GCC-Singapore Free Trade Agreement and it comes into force,” says Cody Lee, Director, Global Business Division at Singapore Business Federation.

“Middle Eastern companies based here are mostly in financial services, petrochemical, trading, investments and airlines business.”



According to statistics from Singapore's Accounting and Corporate Regulatory Authority, 319 businesses in the country are currently owned by companies from the Middle East (of which 103 are from the United Arab Emirates).

Among them is Advanced Technology Investment Company (ATIC), the Abu Dhabi government's main technology investment vehicle, which is owned by Mubadala. ATIC acquired Singapore's Chartered Semiconductor Manufacturing in 2009, one of the world's top dedicated semiconductor foundries.

"When it comes to the semiconductor industry, Singapore is a model," says Brian Lott, Executive Director of Communications at ATIC. "It combines sophisticated manufacturing expertise with a strong polytechnic, higher education and R&D base, giving its electronics industry an ecosystem of talent and innovation."

Emirates National Oil Company's (Enoc) terminal operator Horizon Terminals Limited has also identified Singapore as a hub for global growth.

In 2006 it joined forces with four other companies to form Horizon Singapore Terminals, which owns a bulk-liquids terminal on Singapore's Jurong Island, the country's petrochemical hub, for oil storage. In subsequent years it continued to rapidly expand its capacity on the island.

The location is currently one of the largest independent bulk liquid storage terminal facilities in the Far East, and a key partner in the development of Singapore's oil logistics infrastructure, which has made

it the largest bunker port in the world.

"I think [Singapore] is a major petroleum hub. This is a good start for us and we could not be a global player without having a presence in Singapore," says Hussain Sultan, Group CEO and Board Member of Enoc.

Lim Swee Say, a cabinet minister in the prime minister's office, pointed to the opportunities for Middle East companies in Singapore.

"Middle East companies are looking outwards to diversify and internationalise their operations. As trade and business ties between our two regions continue to expand, the potential for multinational cross-investments, technology partnerships, and joint ventures will continue to grow."

Around 7,000 multinational corporations,



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The Marina Bay Sands is a case in point. Featuring 2,560 luxury hotel rooms and suites, a designer shopping centre, seven celebrity-chef restaurants, a state-of-the-art convention centre and the world's first ArtScience Museum, which encompasses art, science, media, technology, design and architecture, it is a paradise for sophisticated travellers.

Singapore is also the place to be for shoppers as it offers a collection of high-end luxury labels and unique pieces from Asian designers.

Unsurprisingly, Marina Bay Sands has a strong showing here, boasting The Shoppes, Singapore's first large-scale luxury shopping destination filled with exclusive brands such as Chanel, Burberry, Coach and Gucci. It will also be the site of the region's



flagship Louis Vuitton store, which is due to open towards the end of the year in a floating crystal-shaped pavilion.

Singapore's most famous shopping street, Orchard Road, offers malls such as the ION Orchard, which combines high-end brands as well as up-and-coming Singaporean designers like Lionel Leo and Tina Tan-Leo,



and local label Raoul.

For those seeking something a bit different, Haji Lane, with its rich Islamic history and culture, heaves with one-of-a-kind pieces and distinctive accessories.

Singapore is even emerging as something of a gastronomic powerhouse. Top tips include Iggy's (East meets West fusion), Les Amis (French cuisine), Restaurant Andre (ditto), Wild Rocket (modern Singaporean), Cut Singapore (steak), Waku Ghin (Japanese cuisine), and Chinois by Susur Lee (Chinese with a contemporary twist).

While Singapore may be



developing rapidly, it is doing so while being environmentally conscious.

In June 2012, the first phase of its Gardens by the Bay project – three waterfront gardens in the heart of Marina Bay – will be complete. The 54-hectare expanse includes two state-of-the-art cooled conservatories displaying plants from the Mediterranean and tropical montane regions.

The development will comprise 101 hectares across three waterfront sites in the Marina Bay Area.

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including 4,000 regional headquarters, operate in Singapore, he adds.

Ali Ahmad, CEO of Makara Capital, which is headquartered in Singapore and has an office in Jeddah, says Singapore perfectly connects to the structure of the Middle East. “It offers two business jurisdictions that suit companies from the Gulf – English common law and Shari’a law. This is why Middle Eastern investors are tempted to go for Singapore over another country in Asia.”

For business owners, it can act as an incubator to launch operations in Asia. “You could see Singapore as ‘Asia light’ since it is such a melting pot of cultures,” says Ahmad.

He points out that it is considered one of the safest havens in the world – intellectual property rights are instantly covered, and setting up a business that is owned 100 per cent by foreigners is not a problem either.

Singapore provides significant financial advantages to investors as it does not tax on capital gains, real estate, offshore capital or inheritance.

The government has several agencies and schemes designed to benefit businesses. Its Economic Development Board (EDB) helps large multinationals move to Singapore to set up global and regional headquarters, acting as an ambassador and offering support schemes.

If it is a small or medium enterprise (SME) that is being established, Spring Singapore helps manage them, providing loans and grants to set up infrastructure and operations.

“The government of Singapore is extremely helpful in setting up a business,” says Paul Bradley, speaking from experience in setting up two SMEs and businesses for three global multinationals.



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Bradley is the Chairman and CEO of Caprica International, a company committed to integrating global networks into transformational business opportunities, President of Asia Capital Enterprises, and Vice Chairman of Supply Chain Asia, a community dedicated to bringing logistics and supply chain professionals in Asia together.

“The EDB immediately came in proactively when I was asked to establish the headquarters of a multinational here,” he says. “They subsidised staff training for locals as this is part of their mission to build a knowledge society.

“They will ask you to serve on their advisory boards, will share with you their strategies, and make you an active partner in the future of their country, even though you are a foreigner,” says Bradley, who plays a role supporting new SME companies as a ‘CEO mentor’ appointed by Spring Singapore.

“Singapore is fast becoming the power centre for business. From here-out you can fly to the whole Asia-Pacific region. The quality of life is good, there is an interesting mix of cultures – it is the perfect place to be based at.”