

**SPEECH BY MRS LIM HWEE HUA, MINISTER IN PRIME MINISTER'S OFFICE,
SECOND MINISTER FOR FINANCE AND TRANSPORT, AT INVEST FAIR 2010, 20
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Ladies and Gentlemen

1. Good morning. I am pleased to join you here at Invest Fair 2010. To some, the theme for this year's conference, "Riding the Regional Recovery", is a timely one while to others, it may still be slightly presumptuous given the mixed signals elsewhere. Conventional wisdom has it that markets will discount ahead of the recovery in the underlying economy. Indeed there has been a robust recovery in global markets and a pronounced rise in investor confidence. Nonetheless, it is still appropriate to take stock of regional economic developments, and formulate views on how to seize the opportunities presented by the upturn and beyond. I hope you will gain a deep insight into the regional recovery and the investment opportunities by the end of the day.

2. Let me begin by sharing with you some broad observations on the regional economic developments and prospects, as well as the outlook of Singapore's financial services sector in the post-crisis period.

Asia's Recovery from the Crisis

3. To put it mildly, we live in exciting times. Most of Asia has registered a strong rebound in economic activities in the first half of 2010. Part of this is obviously cyclical, reflecting the re-stocking of inventory globally. A significant part of it, however, is testimony to the strong underlying fundamentals. Asia has been more than resilient through the crisis, thus allowing regional markets to benefit from a modest recovery in the advanced economies. If we take a closer look, we can take heart in several encouraging developments in the region that have arisen in the recent crisis. Let me elaborate.

4. First, this is the first time that Asia has led a global recovery. The turnaround in the region is more entrenched, and has progressed further than that of the advanced economies.

5. Second, intra-Asian trade and investment are growing much more rapidly than Asia's trade with the rest of the world. The Asian regional economy is now a driver in its

own right. And this is not just a short term phenomenon; it is a longer term shift that reflects the growing importance and integration of the regional markets.

6. Third, the quick and successful recovery reflects the stronger economic fundamentals in the Asian economies, buttressed by years of reform post the Asian Financial Crisis. The region withstood the recent financial shocks well as there were few inherent sources of vulnerabilities.

7. The regional recovery looks poised to strengthen and the growth prospects in Asia will in turn throw up opportunities for businesses and investors.

Short- to Medium-Term Regional Economic Outlook

8. Last month, the Asian Development Bank (ADB) raised growth prospects for the region this year to 7.9 per cent from 7.5 per cent in April. Based on the trend, the International Monetary Fund also suggested that within five years, Asia's economy, together with those of Australia and New Zealand, will be about 50 percent larger than it is today in terms of purchasing-power-parity, and account for more than a third of global output, and that is, will be comparable in size to the economies of the United States and Europe.

9. Given the positive short to medium term outlook, one may expect a favourable regional investment climate going forward. Nonetheless, just as the ADB warned of downside risks in the second half of 2010, considering the uncertain global environment, unpredictable private domestic demand, and the risks of dramatic capital flows and exchange rate fluctuations, investors should exercise prudence and astuteness when making investment decisions.

Singapore to Maintain Competitiveness as an International Financial Sector

10. Here in Singapore, our financial sector has staged a strong broad-based recovery, as seen from the healthy levels of banking intermediation, trading and asset management activities. In particular, financial assets managed by the Singapore asset management industry reached a new high of S\$1.2 trillion total asset managed in 2009, exceeding the pre-crisis peak in 2007. The average daily trading volume of foreign exchange (FX) and FX derivatives has also recovered to near pre-crisis levels, making us one of Asia's leading commodity derivatives trading centres today.

11. Singapore will work towards maintaining, if not improving, our competitive edge as an international financial centre in the post-crisis period by leveraging off our core attributes.

12. First, maintain trust in us and our reliability as a financial centre and investment destination through a wide range of financial products and services. We have spent the last three decades developing our reputation based on our socio-political stability, rule of law, consistency in policy approach, and robust and independent supervision.

13. Second, continue to strengthen our extensive global connectivity that allows investors and financial institutions access to opportunities. Over 7,000 international companies based here see Singapore as a base. With wealth growing rapidly in the region, financial institutions here are well placed to serve the increasingly varied funding and investment needs of corporates and investors.

14. Next, sustain the responsive and proactive approach taken by the Government and the Monetary Authority of Singapore to changes in the business environment. We have systematically looked at our legal, supervisory and tax regime to ensure that our regulations are clear yet not burdensome; that our system is sound and does not impede innovation and risk-taking. We work around business climates and adapt accordingly, as well as look into developing new sectors, such as Islamic Financing. The MAS also recently approved new rules on not imposing licensing requirements on smaller funds.

15. Lastly, enhance Singapore's standing as a cosmopolitan and vibrant city-state that attracts global talent to Singapore. In the global economy which we operate in, businesses locate and re-locate according to where talent and manpower are competent and readily available. Singapore has kept her labour market flexible and her workforce relevant.

16. As the market trends and conditions change, Singapore will continue to work within and around these developments so as to maintain a critical mass of investors, as well as a comprehensive range of products and risk management tools.

Conclusion

17. Throughout the course of the day, you will hear from market experts on ways to ride the wave of recovery. I encourage members of the investment community to share and learn from one another, keep abreast of the latest economic developments, and exercise prudence when making investment decisions.

18. I wish all of you a fruitful conference ahead. Thank you.