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Moving Together: UK and Singapore's Economic Strategies

By Gareth Davies

Synopsis

The UK's newly published Industrial Strategy aligns closely with the priorities of Singapore's Committee for the Future Economy. Where are governments focusing their efforts and is it enough to remain competitive on the global stage? Collaboration is essential to maximise their success.

Commentary

A REVOLUTION is underway in the global economy. Digital communications, artificial intelligence (AI), data analytics, robotics all are transforming business and society. Tomorrow's successful economies will be those that embrace today's technological revolution. For the Singapore and British economies, 2017 has been a year of long-term planning. In February, Singapore published the report of the Committee for the Future Economy (CFE). The United Kingdom has just launched its new Industrial Strategy to ensure a vibrant future for the British economy.

The commonalities between the two economic strategies are striking. They accept the productivity challenge facing both markets, and propose bold solutions to drive long-term growth by embracing emerging industries and technologies. The similarities are unsurprising – the UK and Singapore currently rank in the global top 10 for ease of doing business, competitiveness and innovation. The UK's Industrial Strategy sets out an admittedly ambitious plan to boost productivity and earning power throughout the country by 2030. To achieve this, it identifies five 'foundations' of productivity growth: Ideas, People, Infrastructure, Business Environment and Places. These closely match the seven strategies in Singapore's CFE report.

Five Foundations of Productivity

The UK lags behind similar economies like Germany and the United States in its investment in research and development (R&D). The Industrial Strategy commits to raising investment in R&D from 1.7% to 2.4% of GDP by 2027 and foster a more innovative economy (*'Ideas'*). There are a number of areas of focus. The first wave of the Industrial Strategy Challenge Fund invested in battery design for the electrification of vehicles and efficient use of renewable energy; and the application of AI and robotics in extreme environments like nuclear and space.

The next set of challenges tackle efficiency improvements in the construction sector; adopting immersive creative technologies that are accessible to the public; and utilising data for the National Health Service (NHS) for early diagnosis and precision medicine. These emerging technologies and industries will fundamentally change the British economy in the years ahead.

Future economic success also depends on creating jobs that fit alongside a rapidly evolving economy. To support this transition (*'People'*) the UK Government is developing a technical education system to match its globally recognised higher education system. This will be complemented by a National Retraining Scheme for re-skilling and up-skilling of adults, to help the workforce adapt to disruptive economic shifts. Singapore's SkillsFuture programme is well advanced in this field and there are lessons the UK can learn from its experience.

Collaboration between government and industry is fundamental to driving business growth (*'Business Environment'*). Like Singapore's Industry Transformation Maps, the UK's new Sector Deals target productivity increases in economically significant industries, like life sciences and automotive. Both countries see small and medium enterprises (SMEs) as crucial to raising productivity, particularly through improved access to finance, and the UK Government will drive up private involvement by co-investing in high potential businesses.

This can help SMEs scale-up, adopt technology and expand internationally. More broadly, like many developed nations, the UK struggles with a 'long tail' of lower productivity firms and is reviewing actions to take to mitigate their drag on growth.

Infrastructure & Tackling Global Grand Challenges

The UK is also investing in a major upgrade of its physical and digital infrastructure (*'Infrastructure'*). Matching Singapore's focus on autonomous vehicles, the UK will invest in developing electric vehicle charging infrastructure and have fully self-driving vehicles on UK roads by 2021. It is also looking at boosting new industries through investments like 5G networks, initially testing its application on roads and train trackside infrastructure.

The UK, like Singapore, has clusters of world-class expertise linked to its universities. But there is room to develop further collaboration with business and drive the commercialisation of R&D. The UK plans to replicate the success of the Cambridge-Milton Keynes-Oxford Corridor in other regions across the country (*'Places'*), for example the advanced manufacturing cluster in the Sheffield region. Both

governments also see a major opportunity in developing urban solutions and clean technology to build a circular economy.

The Strategy identifies 'Grand Challenges' to foster collaboration between government, business, academia and civil society to innovate and develop new technologies and industries in strategic areas. The first four focus on global trends that will transform the future:

- *Growing the AI and data-driven economy* – embed AI in the economy by creating new institutions to increase the application of AI and data-driven technologies;
- *Clean Growth* – develop, manufacture, and use low carbon technologies including by fostering energy efficiency and green finance;
- *Future of Mobility* – adapt to new ways of moving people and goods around including fully self-driving vehicles and transitioning to zero emissions vehicles;
- *Ageing Society* – use innovation to support the wellbeing of an ageing population, including utilising National Health Service (NHS) datasets and developing new products and services.

These challenges require global solutions and the UK intend to partner with countries like Singapore to solve them.

International Collaboration is Key

The overlap between the UK and Singapore's economic strategies is clear. In order to remain globally competitive, partnerships with likeminded countries like Singapore need to emerge even more strongly. The UK wants to work closely with Singapore's government, businesses and investors on these shared priorities, capitalising on the UK-Singapore Economic & Business Partnership to share experience on economic policy and fostering commercialisation of R&D.

The time is ripe for these two open, forward-thinking and innovative economies to work together to ensure Singapore and the UK lead the way at the cutting edge of future growth opportunities.

Shared priorities in AI and autonomous vehicles offer scope for ongoing industry and research collaboration. This will catalyse industry transformation and help to build prosperous, highly skilled economies that fit for the future.

Gareth Davies is Director General Business and Science at the UK's Department for Business, Energy and Industrial Strategy (BEIS). He leads on implementation of the Industrial Strategy, including exploring linkages with Singapore's government and business. He contributed this to RSIS Commentary.
