

THE BROOKINGS INSTITUTION
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U.S. ENGAGEMENT IN ASIA:
A CONVERSATION WITH SINGAPORE'S
MINISTER FOR FINANCE HENG SWEE KEAT

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Introduction:

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Keynote Address:

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Conversation:

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P R O C E E D I N G S

GENERAL ALLEN: Well ladies and gentlemen, good afternoon. It's wonderful to have you at Brookings this afternoon on this wonderful spring day. My name is John Allen, I'm the President of Brookings, and I have the honor this afternoon of introducing this event where we welcome the Minister of Finance of the Republic of Singapore, Minister Heng Swee Keat, who is joining us on his trip to Washington, D.C. to speak with the World Bank and other entities. And we are very honored that you could join us today, Minister. Thank you, sir.

He's been Singapore's Minister of Finance since 2015. In his capacity he manages Singapore's national budget, oversees the corporate governance regulations, and supervises the use and investment of public funds and government reserves. Mr. Heng additionally chairs the Future Economy Council and the National Research Foundation in Singapore, where he oversees skills development and industry transformation, and the country's Research, Innovation, and Strategies for Enterprise. Mr. Heng has also served as the Minister of Education from 2011 to 2015, where he directed Singapore's efforts towards a holistic student centric education system.

But prior to entering politics, Minister Heng served as the Managing Director of the Monetary Authority of Singapore from 2005 to 2011. And he also served in various other public service positions throughout his career, including as the permanent Secretary of the Ministry of Trade and Industry, and the CEO of the Trade Development Board. And very importantly and significantly, he was the principle Private Secretary to then Senior Minister Lee Kuan Yew.

Mr. Heng, we are really honored that you could be with us today and looking forward to hearing your prepared remarks. After the Minister's remarks, and speaking of Prime Minister Lee Kuan Yew, Minister Heng will be joined by Brookings Senior Fellow and

our Lee Kuan Yew Chair in Southeast Asian Studies, Jonathan Stromseth, for a moderated conversation.

Jonathan has been serving in the Chair since 2017 and has done a tremendous job and tremendous work supporting our Center for East Asia Policy Studies, the expansive and research and convenings on Southeast Asia, to include the creation of a new online forum entitled Southeast Asia Insights.

Throughout their conversation they'll cover a wide variety of topics related to US engagement in the region. And once he and the Minister have concluded, we will happily turn to you, the audience, for some questions and answers.

For my part I've got a bit of experience in East Asia and in Southeast Asia. I was honored to be a part of the process for the negotiation of the first US/Singapore Strategic Framework Agreement. And I believe the entire region is fast becoming one of the most important and influential regions in the world. And that's obvious, I think, to anyone who's observing the world these days. And there could be no better time for our deepening of our understanding of Southeast Asia in particular, and Singapore's role in that world and our world more broadly than in this conversation and on these days.

So it's exceptionally important, especially in the context of the global megatrends unfolding before our very eyes, like mass urbanization, the historic shift of economic power from West to East, changes in demography, and very importantly, climate change. It's another reason why the Minister's presence here today is so important for us.

And a final housekeeping comment, everything is on the record, though we're not live casting the event today.

So with that, Minister Heng, we are honored for your joining us today, sir. Please join us on the stage for your remarks. Thank you.

MR. HENG: Thank you, John, for your kind words and warm welcome. I'm

very happy to be here today and to meet so many of you this afternoon.

Now, you know, when I was a young civil servant I spent a year at the Kennedy School of Government, and it was an extremely valuable time for me to learn more about the US and also about public policy and governance. And it was a very interesting experience because, you know, I spent my undergraduate in Britain. And the British students as undergraduates were a lot more reserved. But at the Kennedy school they were all post-graduate students, and the Americans were extremely warm and welcoming, including my professor who invited us, the whole class, for a Thanksgiving dinner at his home. It's the first time I had a Thanksgiving dinner, and it was such a wonderful trip. And even to today the professor keeps in touch with me. He just sends me an email some weeks back saying that he re-read a paper that my wife and I wrote, you know, more than 30 years ago, and asked me for an update. It's really a great warmth.

I spent a month when I was Mr. Lu Kuan Yew's Private Secretary touring the US, meeting with President Bush and touring the Bush Library, as well as meeting with Dr. Kissinger and Secretary Schultz at that time, as well as many business leaders. You know it was an extremely valuable trip for me to learn more about the US and its leadership role in the world.

So today I'd like to share my thoughts in three areas. First, how the US has enabled Asia's peace, prosperity, and stability since the end of the Second World War. And second, how the US economy engagement of Asia will underpin the strategic engagement of region moving forward. And third, the importance of international cooperation and the rules-based international order, amidst geopolitical and economy uncertainty.

Now American leadership has been instrumental for the global peace and prosperity that we have enjoyed since the end of the Second World War. The US was a key driving force behind post-World War II reconstruction. The US sent aid to Western Europe

through the Marshall Plan, and within Asia it helped to rebuild Japan, the Republic of Korea, and the Philippines. The US was also the visionary and architects of this age of globalization and economy integration and spurred the founding of global institutions such as the United Nations, the International Monetary Fund, and the World Bank.

Within Asia, US security umbrella has been the bedrock of peace, stability, and prosperity. During the Cold War, the US role in the Vietnam War prevented the spread of Communism in Southeast Asia. I remember as a young boy then how all of us were so fearful of the Communist, you know, coming down from Vietnam onto Thailand, Malaysia, Singapore, and the rest of us. And for Mr. Lee Kuan Yew, you know, he fought the Malaysian Communist Party during the years of Singapore's independence. It was a very frightening prospect. But the US contribution in the Vietnam War, although it was very painful for the US, was instrumental for the regions of peace, and then eventually the growth.

So the business stability fostered provided a conducive environment for the region's growth and prosperity. In fact, by opening up this market to the region and fueling trade and investment, the US played an even more active role in propelling Asia's economic development.

So today, the US is a key economy and security partner for many Asian countries, including Singapore. US Vice President Mike Pence mentioned that the US businesses have invested more than 1.4 trillion US dollars across Indo Pacific and devoted more than half a billion US dollars to security assistance in the region last year.

The robust and multi-faceted partnership between Singapore and the US has also deepened. The US/Singapore Free Trade Agreement, the first free trade agreement signed between the US and an Asian country, has been the cornerstone in our bilateral economic relationship since they entered into force in 2004. It continues to bring

substantial benefits to both US and Singapore businesses.

The US is the largest foreign investor in Singapore, while Singapore is the second largest Asian investor in the US. Singapore is also the US' largest trading partner in Southeast Asia for goods and services. On the security front, Singapore is a major security corporation partner of the US. And John would notice very well.

In 1990 our country concluded a Memorandum of Understanding that facilitated the transit of US ships and planes through Singapore. This was at a time when the US left Clark Air Base and Subic Bay Naval Base. Today the US is the heaviest foreign user of Singapore's air and naval bases. In turn, more than 1,000 Singapore military personnel are hosted each year for training in the US.

Our armed forces trained alongside each other and have participated together in international operations in Afghanistan and the Middle East. In fact Singapore was the first Southeast Asian country to participate in, and the only Asian country to have contributed military assets and personnel to the defeat ISIS coalition.

The US impact in Asia goes beyond economic and security. Many in the region admire the US openness, timeliness, and efforts. And thousands of students from Asia study in the US every year. And I've mentioned my own experience studying in the US. In fact, the first student from China to have graduated from a North American university, Yung Wing, graduated in 1854 from Yale University. And in Singapore we also set up the UNUS, Yew National University of Singapore College, drawing on the in interaction of Yale to offer a broad base liberal arts program for our students. Now Singapore's experience vast testament with the positive impact that US engagement has had on the region.

Now looking ahead, we are facing increasing geopolitical and economic uncertainty. So I highlight three trends just in the economy arena.

First the trend of increasing globalization and economic integration no long

appears straightforward. There are growing concerns that the benefits of globalizations have not been equally distributed. A recent report on the Brookings financial times TIGER or tracking indexes for global economy recovery index has also cited job, political uncertainties and trade tensions as factors that could hurt future growth prospects.

The second trend is the record emergence and convergence of new technologies, or what some have adopted the fourth revolution. In changing the way we live, work, and play.

And third, there's been a shift in global economy weights towards Asia. Emerging Asia has combined real GDP of 14 trillion US dollars, making it one of the world's largest economy regions to date. China's share of global GDP, based on a tracing power parody, has risen to over 18 percent in 2018. And China is now a major trade partner for most Asian countries, including Singapore.

Now the trend economies of Southeast Asia, trend economies of the ASEAN or the Association of Southeast Nations, is also one of the fastest growing regions in the world. I just attended ASEAN Financial Ministers and Central Bank Governors meeting in Thailand two weeks ago. And we discussed areas to strengthen ASEAN integration, including infrastructure and green sustainable financing, socialization, and cyber reliance.

Indeed ASEAN has come a long way. ASEAN's GDP has also grown over 100-fold since its inception in 1967, from 23 billion to almost 2.8 trillion US dollars in 2017. ASEAN is the US' fourth largest trading partner and is projected to be the fourth largest economy by 2030.

While Asia's growth in a short space of time has not been without tradeoffs, they are widely held views that Asia will continue to grow over the next decade.

Now how do this economic forces shape the geopolitics of the region, and what do all this mean for US role in the region? I believe the US presence in Asia will

continue to remain vital to the region's peace and prosperity. In particular, sustained long-term economy engagements will anchor the US presence in and complement its security ties to the region. This will also enable Asian countries to better engage the US. Asia's rise will lead to new needs, such as in infrastructure, demand for quality food and healthcare, and tourism.

Take infrastructure, for example. The Asian Development Bank has estimated that Asia will need to spend 1.7 trillion US dollars annually until 2030 on infrastructure to maintain its growth momentum. And this need presents opportunities for American companies to grow new markets and make new investments.

US businesses and capabilities can meet strong Asian demand in areas that the US lead, such as infrastructure and energy and industry 4.0 clusters. For example, the US is a leader in the development and application of AI driven technologies and is home to the most number of AI companies in the world, over 2,000.

Another example is the digital economy. There are good opportunities for US companies, particularly in ASEAN. ASEAN is the world's fastest growing internet region and it is projected to have a 240 billion US dollars internet economy by 2025. Many US businesses have a long-standing presence in the region, and have significant interest in growing their Asia markets. Their business operations in Asia make a sizable contribution back to the US economy. Not only in terms of business opportunities, but also in the creation of good jobs for Americans back home.

Today US exports to ASEAN are growing faster than total US exports. And ASEAN is also taking a rising share of US overseas investments. So for example, between 2011 and 2018, US exports to ASEAN grew over 16 percent, compared to around 12 percent of total exports.

Now Singapore is positioning ourselves as a global Asia of note, of

technology, innovation, and enterprise. And we hope we can serve as a springboard for US companies seeking to invest in the region.

In deepening economic ties between the US and Asia is a key thrust of the administration's free and open Indo-Pacific vision, which promotes mutually beneficial collaboration in digital economy, infrastructure, and energy. And we've seen some encouraging moves by the US.

For instance the bill, or Better Utilization of Investments Leading to Development Act has increased the total amounts of money available for development finance to 60 billion US dollars. It can complement other initiatives such as China's Belt and Road Initiative in promoting collaboration and connectivity in the region.

Last month Singapore and the US signed a Memorandum of Understanding to promote infrastructure developments and investment in Asia through closer collaboration between Singapore's infrastructure Asia office and the US Overseas Private Investment Corporation.

Beyond Asia, what will be the US role in the global arena be? The world we live in is increasingly interconnected with global markets 24-hour news cycle and soon, 5G. This has resulted in interdependencies of an unprecedented degree. Similarly, the challenges we face, such as terrorism and climate change, are increasingly transboundary in nature and of a global skill. This necessitates more international cooperations, and not less.

The UN's Sustainable Development Goal, SDG, recognized this. The SDG reflects our collective aspirations and our call for global action. While there is no single model of development, global partnership will be required to solve complex challenges and ensure global peace and prosperity now and in the future.

New technologies will also present opportunities for countries to come together to find solutions, create new value, and improve our quality of life. For example, in

areas such as sustainable clean energy, water, and food security, and cities of a digital age. The US and China, as two major powers, play an indispensable role in ensuring peace and security in any global efforts to address common issues and challenges.

Recent trade tensions between the US and China are worrying. The US/China relationship is a key determinate of global peace and prosperity, and the most important bilateral relationship in the world. As China continues to grow, some competition between the US and China is inevitable as each nation tries to safeguard her interests and to create a better life for her people.

Competition can be constructive if managed well. Competition spurs innovation and drives us to learn from one another and to be better and stronger. But competition can be destructive if it degenerates into conflict and rivalry if we lose our focus on common interests. While there are differences and competition between the US and China, there are also interdependencies and opportunities for mutual benefit, it is not a zero-sum game.

It is vital that disputes between both countries should be resolved in accordance with international norms and for existing multilateral frameworks. No country wants to choose sides. Ultimately there are opportunities for the US and China to come together and play key leadership roles in resolving global problems and challenges.

Take climate change for example. The rising sea level poses an immediate threat to Singapore, which is a low-lying island. Much of Singapore lies only 49 feet above the mean sea level, with about 30 percent of the island being less than 16 feet above the mean sea level. So imagine what happens when the sea level rises. Many other countries, including the US and China, are facing similar threats from climate change.

Now this brings me to my final point amidst the resurgent's and nationalist's and perfectionists' sentiments around the world. We must renew our commitments to a

rules-based multilateral international order. Rules and norms ensure predictability in interstate relations and commerce while multilateral processes make sure that they are built through consensus and widely respected.

The rules-based multilateral order has brought peace and prosperity, and ensure that the world we live in is not one where might is right. It has served the global community, including the US, well. Global rules will need to be updated as the global environment changes. Take the World Trade Organization for example. It's formation after the Uruguay Round recognized that the general agreements on terrorists and trades targets was no longer as relevant to the realities of world trade as it had been in the 1940s. While progress on the Doha round of talks has been slow, countries, including Singapore, have continued to pursue partnerships and bilateral regional use such as the US/Singapore Free Trade Agreement, as pathfinders to greater economy cooperation. This building block approach allows us to build up confidence in and enable adjustments to the global trading system.

As the global economy and international order change, all countries have the responsibility to work together to reintegrate our rules-based international order and then share its continued relevance. This needs to be done consensually and multilaterally. Ultimately we should not retreat from the rules-based multilateral international order and globalization.

The US will stand to benefit from continuing to play a leadership role in rule settings and dealing with challenges in our interconnected world to enable prosperity for all countries.

Finally, given Jonathan, the Lee Kuan Yew Chair in Southeast Asian Studies is moderating our conversation later, I'd like to end off with a reference to Mr. Lee. This is the only academy chair in the world named after Mr. Lee. Mr. Lee believes in the

resilience of the US and its capacity for renewal and revival. This is due the can-do spirit and innovative culture that is part of the American DNA. When Mr. Lee addressed the joint meeting of the US Congress in 1985 he said, and I quote “America is a great nation, moved by high ideals. Only the elevating power of idealism can explain the benign manner in which America has exercised its enormous power since the end of World War II. And the magnanimity and generosity with which it has shared its wealth to rebuild a more prosperous world.” I believe that this message rings as true today as it did then.

First, the US presence in Asia will remain critical for the region’s peace and prosperity.

And second, the US economy engagement of Asia will increasingly underpin its strategy engagements of the region.

And third, the need for international cooperation and US leadership in maintaining our rules-based multilateral international order is as vital as ever.

Thank you, and I look forward to exchanging views with you.

MR. STROMSETH: Well, Mr. Heng, thank you. Thank you very much for those thoughtful and comprehensive remarks. And I’m really delighted to have the opportunity to have this conversation with you now.

I think it’s obvious already, but we do have something in common. As you said, I’m the Lee Kuan Yew Chair in Southeast Asian Studies here, which is a great honor. And earlier in your career you were the principle Private Secretary for Lee Kuan Yew.

MR. HENG: Right.

MR. STROMSETH: So I thought maybe we could, given this connection, look back a little bit. I have had a chance to read some of his past speeches and interviews, and of course he touched on many of the things in his day that you touched on now.

One point he made, I think about 20 years ago, was he asked the question

would a rising China be as benign to Asia as the US had been in the past. And he said Singapore's not sure. Other Southeast Asian countries aren't sure. But he felt that a stabilizing factor would be a healthy US/China relationship. In particular one that has a combination, a good balance of cooperation on the one hand and healthy competition on the other.

But I think what we're seeing today is really only competition, and it's not necessarily healthy. And cooperation perhaps has become a relic of the past. You know, the Indo-Pacific policy of the Trump Administration talks about predatory economics of China. It talks about regional hegemony and this sort of thing. And China is exercising a very muscular neighborhood diplomacy which many Americans feel has the aim of excluding the United States.

I think having known Lee Kuan Yew, I wonder if you could give us a sense of if he saw the region today, what would be his reaction and concern? Would he have any advice that we could take away?

MR. HENG: You started off with one of the most difficult questions. And, you know, I had a most wonderful time working for Mr. Lee, and learned a great deal. And I was, you know, I read his memoirs before he got published because I was serving under him when he wrote his memoirs. And I recently re-read some parts of it and some of his speeches on this area.

And I would say that his assessment of how the US/China relations would evolve as China's economy within the world rises remains as relevant today as before. And it is not an easy adjustment for anyone. But I would say this. I share Mr. Lee's view that the US/China relations would be, as I said in my speech, the most important bilateral relations in the world. And how do we make the adjustments along the way to make sure that this most important bilateral relationship is a constructive one. This is a key challenge of our time.

And I was thought with ensuring that both sides have a better understanding of one another. You know, the two nations have very different DNAs, and very different systems, and both are extremely complex bases. And whether it's in the economy realm, in a political realm or in a social realm, they are extremely complex. And for us, even in Singapore and Asia, we spend a lot of time trying to understand China. Even though, you know, many of us speak Mandarin and so on. And so one question is how do we ensure that that relationship is constructive, and how do we build bridges for a deeper understanding?

Let me just share one story about how complex it is. When I was working for Mr. Lee we were working on the Suzhou Industrial Park Project. And the Suzhou Industrial Park Project was agreed between Mr. Lee and the central government for us to share the software of development. So we developed the Suzhou Industrial Park as a platform for us to share experiences on development and what we need to do in terms of rules, proper rules for investment technique, proper rules for investments, and how we need to train people, proper master planning.

But a few months into the project, after all the details were signed and sealed, the local officials started to promote a rival park. And they say well, you know, the Suzhou Park is no good, you have 65 percent share, we only have 35 percent, and we would rather have one that is 100 percent owned by our own local government. And so these officials, they went around, going to global investors and said you know, forget about that park, come to mine.

And all of this information got to Mr. Lee and he was most enraged. So he decided to take it out with President Cheong and Premiere Tsu, and I was involved in many of their discussions. And at the end of it, the officials who were working on this, our side, heard many stores from the Chinese that said, you know, you Singaporeans operate in a

one layer of government so you don't understand the complexity of China. China has so many layers of government. So the official term that was used in those days was that in Chinese (speaking Chinese) period, the mountains are high and the emperor is far away.

So don't assume that if it's fixed by them, it would be implemented on the ground. And the other common phrase which was used was that they said (speaking Chinese) the top will have a strategy, the bottom will have a counter strategy. So Mr. Lee felt very strongly that the problem had to be resolved because otherwise the project will fail. And in fact, Singapore was not in the project to make money, Singapore was in the project to transfer, you know, what we have learned about economic development and how we must, if you want to attract international investors you must have proper rules of law, and that whatever we sign and agree on must be carried out. So after lots of difficulties we managed to get it resolved.

Now you are looking at a situation where Mr. Lee had been to China many times, he understood many aspects of how the Chinese system work, and yet we encountered such a problem when we do a project like this. So when you look at it across many different areas, there will be plenty of areas for dispute or disagreements. But I think if we focus on what is our common interests, and that is the most key part of the relationship, then I think many of these issues can be resolved. And we must put a greater effort on promoting deeper understanding across. And I would say that, you know, many of the American institutions, including Brookings, can play a very important role in bringing people together to really understand the bigger picture that both countries, both big nations, great nations, face, and the whole world faces in this.

MR. STROMSETH: Thank you very much for your own thoughts on that.

You know, as I look at the relationship, I think you really nailed it on the head in your remarks. That there are so many issues out there that can't be resolved unless

the US and China somehow begin to communicate and engage again somewhat more effectively.

And first among them is climate change. And you identified that in your remarks as well, which is something that I'm deeply concerned about as the father of two daughters, and as we all look to the future and so on. And I think before the Paris Agreements, the United States and China brought a lot of energy to that issue, including that energy to Southeast Asia and to ASEAN. Maybe now is the time for Singapore and ASEAN to help bring that back to the United States/China relationship in some way and serve as the bridge that you mentioned.

I also wanted to say how appropriate I think it is that a Minister of Finance such as yourself is speaking today about US engagement with Asia. Because I think that geopolitics in Asia today is very much an economic game. You mentioned, and I think correctly, US business engagement in the region remains robust in terms of FDI and trade. Although a lot of it is actually concentrated in Singapore. Some of that spreads out to the rest of the region.

But I think China's presence is more diffuse, more tangible I think to most Southeast Asians. And of course the Belt Road Initiative is the platform that everybody is talking about. There has been some unease and pushback of late, and yet also some renegotiation. I think the rail link in Malaysia is actually going to go forward now, for instance. And so that perhaps looks fairly sustainable.

And I think the question, you mentioned some of the MOUs, for instance the US MOU with infrastructure Asia and Singapore. The US also at the end of last year signed an infrastructure related MOU with Japan, which has robust infrastructure funding in the region, and Australia.

And, you know, sometimes these multilateral platforms can kind of wither on

the vine and languish over time. The question is, is there energy behind them, is there resources behind them? And I'm wondering if you have some optimism that these platforms can actually get off the ground and help to draw the US more into the region on the infrastructure side, which I think also has strategic implications as well.

MR. HENG: Right. Well I am optimistic about this infrastructure development because I think if you look at the region's development, we need both good hard infrastructure as well as soft infrastructure. So if you look at hard infrastructure, for example, building, you know, whether it is power plants, sewers, buildings, or connectivity across the countries in ports, seaports, airports, roads. All these are going to be very key to the development of the region. But a question for infrastructure is that, by its own, the nature of the infrastructure is that these are all very chunky projects. Capital costs in initial stage is huge, and unless we plan it properly, it will not yield a proper return. I think we have to make sure all these projects yield either a proper economic or social return, or both. And the question is how to do it well.

So we have given quite a bit of thought on this, and my colleague, Ms. Introni Roger, spoke to me. She used to be a lawyer drafting many of these agreements, and said, "Gee, this is getting complex." But we do need good legal agreements. So she suggested that we should try and standardize as much of these contracts as possible so the standardized terms, contractual terms, and then if the minor variations that are needed to suit a particular situation, we could do that. And then I said "Well, go ahead and work on it." And as she went on to talk to auditors, to talk to engineers and so on, and realized that actually beyond the economic, beyond the legal contracts, you need first and foremost proper planning of the project to make sure that it is well structured, you really don't want to build roads nowhere.

We have seen how countries were trying to stimulate economy and started

building infrastructure and building roads to nowhere. I was sharing this story with somebody and they said "Yeah, I just encountered a case where somebody asked me to build airport, but the airport has no connecting roads at all." So how we do infrastructure in a proper way with proper planning and against a whole range of priorities that a country would have, is key. And so that's the first thing.

And two, having done that, no multi-development bank or private institutions or government would have all the resources to build infrastructure. Because by its very nature it is so lumpy and the benefits are spread out over many, many years, the only sensible thing to do is to take out some kind of a commercial loan on the structure that would allow the different places of the project to be financed.

So we worked with a number of institutions to do that. One, we worked with the banks, some of which are doing project financing and you want to do the high risk, high return path. And others like pension funds and insurance company want the longer data assets which are of lower risk but stable returns. And so that's one phase of the work.

And the other is to make sure that we are able to structure the contracts properly. So by bringing the demand and supply side together we hope we can capitalize investments into that project. And at the same time we hope to also bring forth the hard infrastructure and the soft infrastructure together.

An example is how we work together with Vietnam on the Vietnam/Singapore Industrial Park. So besides just building industrial pathway factory facilities and so on, we actually work with them on technical and vocational training of workers. So workers have a good job at the end of the training, and companies that come in are assured that you have the skilled manpower to do the work. So it is win/win both ways.

So we believe that infrastructure projects are important. They are important for development whether they supply sufficient energy, water, or facilities for economic

developments, or to build connectivity by roads, by air, by sea. But at the same time we need to structure it well, we need to be thoughtful about it, and we need to bring in the multilateral banks. We need to bring in the private capital.

So in fact I spent some meetings with the World Bank here in Washington during the IMF/World Bank Meeting to discuss with them what we can do. The World Bank has an urban development and infrastructure hub in Singapore. And the World Bank has an excellent repository of global knowledge of developments, which I hope they will continue to bring to our region and to provide proper training so that those of us who are involved in infrastructure development can understand the policy parameters for doing this work. And step by step we can build the knowledge and ensure that projects are done with sufficient discipline and with proper consideration of its long-term returns as well as properly integrated.

MR. STROMSETH: So I wanted to raise another topic that frankly has been much in the news lately. And it's a draft legislation in Singapore's Parliament. If I understand it's called the Protection from Online Falsehoods and Manipulation Bill, or in the vernacular it might be called the Fake News Law or something like that.

MR. HENG: Right.

MR. STROMSETH: And as I understand it, the official purpose of this legislation is to ensure that online falsehoods don't drown out authentic speech and ideas or undermine democratic processes in society or the public interest. But critics, including journalists and academics are concerned that the law might grant authorities too much leeway to determine what is true and what is false. And that there may be kind of worrying implications in a world where virtually everything we read and write, including as scholars and academics, is now online. And given the concerns that are being voiced, I was wondering if you could just tell us a little bit about how this law will be implanted if it's passed

by the Parliament, as is I think widely expected.

MR. HENG: Right. Well that's a very important issue, and in fact I had a nice breakfast with an American friend and he said "You know, as an American I was brought up with this very simple principle, that everyone is entitled to your viewpoint, but everyone must get the facts right."

So viewpoints have to be made on proper facts. And the law is essentially about getting the facts right. So for instance if we said that, you know, person A has killed person B, it is a statement of fact. And if it has no truth to it, the person ought to make the correction. Otherwise we will all be making the wrong assumption. And while we say A has killed B, sounds innocuous. If you tell it and said Christian have killed Muslims or Muslims have killed Christians or, you know, a white man has killed a black man, and vice versa, you can imagine how in a multiracial, multi-religious society, in fact anywhere in the world, this can lead to great conflicts. But if you say that, if your own opinion look, you know, our policy options are horrible and that I have a better policy option or that your policy's not achieving results, mine will have a better result. Now that viewpoint, that proposal, people are entitled to bring it up. In fact this is what democratic institutions ought to do.

So what we are hoping to do is to make sure that we bring debates -- we want to have good discussions, and good discussions and good conclusions must be made on the basis of the right facts. You cannot have people, now with the Internet anyone can post anything. And the key is that am I prepared to stand by what I post as a fact. I mean anyone can express whatever opinion, but is it a fact or is it not a fact? And the law goes into correcting, ensuring that organizations and individuals take responsibility for correcting those facts. Either you correct them, or you remove them. So those I think are in fact principles to strengthen democratic institutions, not weaken it.

MR. STROMSETH: Well thank you. All right. And I think we are well into

the Q and A time right now. So let me start with Stanley Roth. And if I could ask everybody to please state their name as I just did for Stanley, and also your affiliation.

MR. ROTH: Stanley Roth, retired, no affiliation. Nice to see you again.

MR. HENG: Good to see you.

MR. ROTH: Mr. Minister, I have only one comment for my question. My comment is I miss the wisdom and advice of Lee Kuan Yew, and I greatly appreciated your wisdom and advice today.

My question concerns the BRI. And I'm not fishing for criticism of China, but rather I'm asking how do you assess the balance between two possibilities. It's obvious that there's a huge need for infrastructure resources, not only in Southeast Asia, but in other regions of the world, South Asia, Central Asia. And to that extent what China has done, is doing, and will be doing, dwarfs what the United States has been doing. On the other hand, there is concern about a debt trap, that, you know, as these resources are providing, and maybe it's not doing it, I don't know, on terms or on a pace which the countries can't afford.

I would like to ask you at least for your region, for Southeast Asia, ASEAN, how do you see BRI balancing out between these two poles?

MR. HENG: Well I think we talk about, you know, the Malaysian government is renegotiation some of this because they wanted to make sure that it is a project that is economically viable. So I would say that in Southeast Asia, people are quite conscious after going through the turmoils of the Asian financial crisis in particular, that when we do long-term investments it needs to have either return, whether economy return or social return. And this concept is quite well understood by everyone.

Now the question is how do we, and should adapt this role. And that is why I think working with all parties involved is very key to it. Because it is easy -- I mean as Finance Minister I receive lots of proposals from my other Cabinet colleagues that I want to

do this, I want to do that. And we go through every proposal with a very sharp pencil and say "Look, do you really need to do this, what are the returns" and so on and so forth. And there is a very well-established methodology for doing this, for assessing the value and assessing the cost benefit.

And I spent some time earlier this week talking to our World Bank colleagues on some of this. Because the World Bank has been doing a lot of good work on assessing projects of this nature. And what I think is very important is for all of us to build up our knowledge of how do we do projects well, you know, structure it well so that it is economically or socially viable, and whether their investment is something which countries can afford. And what are the priorities.

So I believe that properly structured it can be positive. And I hope that many countries will join us in this effort.

MR. STROMSETH: Mireya.

MS. SOLIS: Good afternoon, Minister Heng, it's a pleasure to have you here at Brookings. My name is Mireya Solis, I'm Director of the Center for East Asia Policy Studies.

My question has to do with responses to the current crisis in the International Trading System. As you mentioned, Asia's rise has been predicated and opened multilateral trading system and in the nurturing of economic interdependence, especially through global supply chains. You made reference to the fact that geopolitical tension and economic uncertainty makes us doubt the continuation of those strong engines and foundations of growth for the region and more globally.

So my question to you, Minister Heng, is what kind of regional responses are there? Are they viable or not? Because if one were to be very optimistic one can see Asian countries really reinvesting in our rules-based liberalization process.

Two examples. The survival of the comprehensive and progressive Trans-Pacific Partnership Trade Agreement, against all odds. And then the ongoing negotiations for Regional Comprehensive Economic Partnership Agreement, or RCEP, that will include China, ASEAN, and other countries. So you could say that Asia's still a strong believer on trade liberalization.

Now if I take a less optimistic view I could say, unfortunately, the TTP has moved on and the United States is not latched into the regional architecture on RCEP. We don't know yet if the negotiations will successfully conclude, will be ambitious enough to tackle the important areas of digital economy services, will it introduce any discipline on the practices of China that have generated some concern for introducing distortion.

So are you an optimist or a pessimist when it comes to regional solutions to the current crisis?

MR. HENG: Okay. Well, I'm neither an optimist nor a pessimist, I hope I'm a realist, hoping to achieve a better outcome. And, you know, I think first on what the region can do, I would say that I was in the trenches negotiating many of the ASEAN economy cooperation agreement. And at that time when we did it, it was an extremely hard job in the trenches, negotiating every dot, every comma, first off.

But I was very glad even at that time, my colleagues and the other Southeast Asian nations, were very seized with it and in fact among ourselves we said we don't know whether our trade ministers will agree to this, but never mind, we just put it in and, you know, present them as much as we can. So the result is that you have an outstanding economy committee.

Now some people doubt it and say well, look, this is only on paper, you know, you'll be torn apart and negotiation moves at a snail's pace. My former Foreign Minister was then the Trade Minister, George Yew, had this very wise saying to us all the

time. That if you look at it from year to year, is most incrementally, but if you look at it over a span of a decade you will see a big step forward. And indeed in my view is that it has been a big step forward over these years.

The question is what more can it do? In fact, the recent agreements have been strengthened and there is even agreements on services. And we just concluded at ASEAN Prime Ministers' meeting a package on financial services. So within ASEAN it is the commitment to free trade and reaching integration remains very strong.

What we need to do is to use that to extend it beyond ASEAN. And you mentioned about the CPTTT. I think it's the PT that the US, you know, which was a very key proponent of CPTTT did not eventually became a member of it. But I hope that, you know, changes are possible in the future.

On the regional arrangement, besides the RCEP, the Association of Southeast Asian Nations have also had very good agreements with Japan, with Australia and New Zealand, with India, and with the other, and China. And we have to continue to work on that so that, you know, some common denominators for which hopefully more and more people can sign on.

One reason why Singapore has pursued bilateral agreement and regional agreement is that we really believe that bilateral agreements can be building blocks for a global agreement. In fact, when asked permanent Secretary of Ministry of Trade, all this was being done. I had to write a few up-ad pieces to explain because some of our colleagues were very unhappy that, you know, Singapore broke ranks and we started negotiating free trade agreements with New Zealand and later on with US.

Our explanation is that trade deals are inherently difficult because if you want to do a global deal, I will say at Doha, and you find the number of issues that you need every country to agree to is so enormous, it's very hard to get an agreement or a one goal.

And we need to build confidence, we need to build confidence by showing that a bilateral deal, original deal, enables, has to make progress, and by making progress and getting our companies to adjust to all these changes, our industry and our workers to adjust to this changes, it will be, it is manageable, and in fact it brings benefit. And we also need to be better able to articulate those benefits. But it is hard because the problem with trade is that the benefits are very defused and spread very widely. But the costs are very concentrated in certain segments of the industry.

So last evening when I was walking back to my hotel, I decided to go into your CVS pharmacy to have a look at the range of things that are out there. And I realized what a whole range of countries were, you know, purchasing those products. And I must say that the prices are very competitive. But as a consumer, would I attribute it to globalization and free trade? I don't think I'd be thinking of that. But if I'm a worker and I lost my job, I'd say what the heck, you know. And I think all of us would need to deal with that, and in particular all of us who need to spend a lot more time and resources to train our workers.

MR. STROMSETH: So I think we have time for one more question. Right there. Lynn. This is last question everybody.

FEMALE SPEAKER: Thank you so much, Jonathan, and thank you, Minister Heng. You spoke earlier about what you thought was necessary so that China's Belt and Road Initiative would be economically viable. But you also mentioned in your penultimate point that, you know, economic engagement, strategic engagement increasingly means economic engagement for the region.

So I was wondering whether you could address specifically what you see as some of the possible strategic implications for the region of China's Belt and Road Initiative. Do you think it's changing the strategic landscape of the region? Thank you.

MR. HENG: Well I think even without the Belt and Road, the economic engagement of China, the region is changing the landscape. Because as I mentioned in my speech, China is the number one trading partner of almost every country in the region. So that economy creates, is by itself, some strategic weight. And in the case of Belt and Road, what it means is that the engagements will be even deeper.

So for the region's development it is not a bad thing if it's sustainable, if it's viable. And the question is that, you know, we think that multilateral engagements, because ASEAN members will be happy to engage with, you know, all our major partners to do more. Because I think the one constant in every country is about a better life for our people. So economic growth is the key to that. And how do we promote freer trade, and at the same time ensure that companies and workers remain competitively, they can play a role in the world, is a very important part of it.

But if we can do that, then we would have the means to be able to fulfill this. Otherwise politics everywhere will get more toxic and that will lead to a more dangerous world. So that, I think the changing economy weight will change the strategic weight, there's no doubt about that.

But the question is how do we continue to maintain a balance by having multiple players in this and by focusing on many common issues that the entire world faces. I want to mention it. In fact we were talking earlier to the President about some of the trends, some of the media trends that all of us have to deal with, from climate change to the growing organization, the digitalization.

And the question is can we bring everyone together to address these challenges for the benefit of all of us, or do we spend our time fragmenting to different bits and pieces and engaging in destructive conflicts?

MR. STROMSETH: I think that's just right, and I'm happy to report that

under the research of the Lee Kuan Yew Chair here, looking at enhancing US engagement, especially on infrastructure in Southeast Asia, is one of our areas of focus. Maybe it's an opportunity to have more multilateral engagement and then reengage China from a position of strength.

MR. HENG: Absolutely.

MR. STROMSETH: But on behalf of John Allen and the Brookings Institution, let me ask everybody to thank Minister Heng for coming.

And the event is now closed. Thank you very much everybody.

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