



What makes S'pore different

It's a quality city that has harnessed the hub concept to its advantage

By JOERGEN OERSTROEM MOELLER

AS A Dane who has lived in Singapore for more than 14 years, I naturally find similarities between Singapore's and Denmark's endeavours to carve out a niche for themselves in the harsh climate of economic globalisation.

Both countries try as best they can to use their geographical position to their advantage. The basic idea of the hub strategy comes nat-

urally to the fore.

Countries like the United States and China use their domestic markets as a platform for economic strength. That is even feasible for middle-sized countries well-established in certain segments of the global market. For example, in Europe, France in luxury products (fashion, haute couture, wine) and Germany in engineering. In Asia, Thailand in agricultural products and Vietnam in seafood.

These countries brand themselves via a strong position in industrial segments, producing first for the domestic market before subsequently being turned into an export industry.

Neither Singapore nor Denmark can do likewise. They need to find something else to brand them - to be different. And they need branding because high-cost countries - and Singapore has, for some years, been in that category - find it agonising to compete on wages and prices.

For such a strategy to be successful at all, it requires a tremendous effort, as the competition is with a whole string of countries

with a much larger pool of labour, thus benefiting from lower wage cost. Singapore must do something else, something better to lift itself out of this box, and branding is an obvious way.

A brand offers something more than just the user value. The consumer enjoys something special by using a branded product and is ready to pay a higher price for that special "something else".

Singapore's brand pertains to efficiency, reliability, good corporate governance, good government and rule of law - which attract multinational companies.

For years, Singapore's harbour and shipping sector have been an

important element in the country's economy and they employ a large number of Singaporeans. These days, few people realise that it was by no means certain that Singapore would be the busiest harbour in South-east Asia and among the largest container harbours in the world.

It was achieved by realising that efficiency and the ability to deliver high-quality services every time a ship docks matters most, which in turn conveys to shipping lines that Singapore can be relied upon. This brought about a virtuous circle: the larger the number of shipping lines using Singapore's harbour to their satisfaction, the more likely new shipping lines inter alia serving the Chinese market and/or established in China would also use it.

Having acquired the knowledge of running a harbour competently, Singapore's next step was to use that as a competitive parameter in offering this knowledge to harbours in other countries, supplemented by investing in harbour facilities in some of these markets.

looking at the fields of information and communication technology and biotechnology. Likewise, for education and health care. A country choosing the hub concept and branding itself as a hub prospers by cultivating a stimulating intellectual climate and making itself an attractive place for talent.

Mega-cities, mega-regions

THERE is much talk about mega-cities and mega-regions as drivers of global growth in the years ahead. These economic powerhouses possess sufficient weight to forge ahead on their own, as is the case for, inter alia, Shanghai and several other Chinese cities. They show us that columnist Thomas Friedman's message that the world is flat conveyed a basically correct analysis - in the global economy, everybody competes with everybody else. But there is another aspect to this, which is the notion that the world is also spiky, meaning that economic activities tend to be concentrated in large cities, hence mega-cities and/or mega-regions.

The global competition

BUILDING an airline and an airport which, year after year, are ranked among the best in the world illustrates how a country using the hub concept can overcome the disadvantage of a small domestic market and establish itself as an important player in the global competitive game.

Now, Changi Airport seems a natural place for an air travel hub

The gist of this dawned upon me in 1994 when I visited Seattle. I was shown an analysis pinpointing the key advantages of being in Washington state for biotech and medtech industries. The absolute top scorer was quality of life with 35 per cent, followed by high quality of workforce accounting for 21 per cent. Academic institutions came in at No. 3 with 19 per cent. Income tax and cost of living scored a meagre 6 per cent. This is what started me thinking about quality cities.

Singapore grasped better than its competitors one of the essential things in global competition: You move in with both feet and wholehearted commitment, or you stay away. As the famed American general George S. Patton said: Get there firstest with the mostest.

I later talked with the head of research of Novo Nordisk (a world leader in diabetes), and he told me that the company encouraged researchers to take an interest in cultural life because it would enhance their powers of observation - a vital ingredient when judging whether a research project was worth pumping money into.

I have often thought about this lesson: It is not so much the research as its applicability and the interdisciplinary, intersectoral ap-

proach to get there. That leads to quality cities. What has not attracted so much attention, but unquestionably will in the future, is the notion of quality cities offering an economic and intellectual climate that attracts multinational companies and the intellectual elite to place some of their activities there. These global players do not put all their eggs in one basket; they spread them around, thus opening the door for quality cities to get a share of these lucrative activities taking place at a high - and in some cases the highest - level on the value-added ladder.

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There is a good deal of risk associated with the hub concept in areas such as shipping and air transport. The investment required is enormous and cannot be changed with a snap of the finger.

Therefore, good planning and strategic foresight are indispensable to ensure the success of the hub concept.

In these areas, Singapore can also be described as a hub. There are not many cities around the world that welcome the global intellectual elite for lecture tours, seminars, conferences and brain-picking as consistently as Singapore. These people come to Singapore to share their knowledge and ideas about future trends, and by doing so, they enhance Singapore's knowledge, which explains why Singapore enters the high-risk investment game with so much confidence.

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This is what the hub concept offers, and looking at Singapore over the past 14 years, what strikes me most is seeing how this concept has sunk deep roots in Singapore.

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