

Lim Hng Kiang: Brief overview of economic links between Vietnam and Singapore

Opening remarks by Mr Lim Hng Kiang, Deputy Chairman of the Monetary Authority of Singapore and Minister for Trade and Industry, at the Launch of Vietnam-Singapore Listing Preparatory Program, Hanoi, 2 April 2007.

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His Excellency, Vu Van Ninh
Minister of Finance of the Socialist Republic of Vietnam

Distinguished Guests

Ladies and Gentlemen

It gives me great pleasure this morning to join His Excellency, Minister Vu and all of you in Hanoi at the official launch of the Vietnam-Singapore Listing Preparatory Program. As Minister Vu has shared earlier, today's programme adds yet another pillar to our growing economic relationship.

Today's launch is especially meaningful for me, as looking back at 2005, our two countries inked a historic Framework Agreement on Vietnam-Singapore Connectivity to strengthen our relations and to cooperate across the many areas in which we have shared interests. I am thus very glad that my officials from the Monetary Authority of Singapore have been working closely with Vietnam Ministry of Finance and the State Securities Commission to see through the implementation of the terms provided under the Connectivity Agreement.

The objective of the Connectivity Agreement had been to build closer Government-to-Government relations between Vietnam and Singapore, to bring about more opportunities for mutual collaboration and exchanges between our two countries. More importantly, we believe that by working together in partnership, Vietnam and Singapore can present an even more compelling proposition to global investors and to raise the profile of ASEAN markets.

Vietnam and Singapore have always enjoyed strong economic linkages. Bilateral trade between Singapore and Vietnam rose by 8.6% to US\$7.4 billion in 2006, making Singapore Vietnam's 4th largest trading partner. Likewise, Vietnam is Singapore's 14th largest export market, with over US\$5.7bn worth of exports in 2006. In the last few years, we have witnessed how Vietnam's economy has flourished, spurred by an impressive growth rate of more than 8%. Vietnam is now Asia's second-fastest-growing economy, trailing only China's. Touted as Asia's newest economic tiger, we have seen Vietnam's stock market index surged 144% last year and its market capitalisation developed from less than US\$1 billion to more than US\$14 billion now. These results have been due to Vietnam's commitment towards market liberalization and its steadfastness in working towards your accession into the World Trade Organization. Vietnam's strong economic story has attracted investors from across the globe, attracting foreign direct investment of US\$10.2 billion in 2006. As Vietnam's economy continues to boom, your capital markets will also be developing just as rapidly. It is thus important during this dynamic phase of growth that we work closely together to develop more robust capital markets which are efficient, well-governed and will draw sustained investor interest. The Vietnam-Singapore Listing Preparatory Program was developed with that intent. Officials from the Monetary Authority of Singapore have been in close dialogue with Vietnam MOF and SSC to develop a meaningful programme catered at helping Vietnamese enterprises understand the workings of the international capital markets and the regulatory standards as well as market standards required for a listing in an international market outside of Vietnam. We have invited representatives from the Singapore Exchange, as well as professionals from leading investment banks, accountants and lawyers to join us at today's seminar, and they will cover a wide-ranging programme that helps to prepare Vietnamese enterprises on cross-border listings, training on corporate governance, listing rules and accounting standards, amongst others. I understand that there are also plans for Vietnamese companies to be introduced to institutional investors based in Singapore at a later stage.

All these efforts will pave the way for Vietnam to tap on Singapore's capital markets as an additional channel to connect with global investors. We believe this will contribute to speeding up the pace of Vietnam's economic growth, even as you are taking significant measures to develop your own capital markets. Singapore is now home to a wide pool of institutional funds, with more than S\$720 billion of assets under management. As a well-managed pro-business marketplace, Singapore is particularly

attractive to international companies seeking an offshore listing. Currently, more than 700 companies are listed on the Singapore Exchange. Amongst them, more than 30% are foreign companies from around the globe. The experience gained from the listing of these foreign companies has equipped Singapore with the necessary expertise to help companies from both mature as well as emerging markets meet their capital-raising needs.

In particular, the Singapore Exchange has had a long track record of being home to the IPOs of many Southeast Asian and Chinese companies. The Singapore Exchange will be able to share their expertise with our Vietnamese friends on what are some of the areas that you should look out for, as you plan for your listing. I am also especially glad that the Singapore Exchange will be signing a memorandum of understanding (MoU) with the Hanoi Stock Trading Centre this morning. The inking of the MoU can only mean more opportunities for both our stock markets to seek greater collaboration, and I urge officials from the SGX and Hanoi STC to move beyond just the MoU document to plan for even deeper level of partnership and cooperation. I understand as well that a couple of the Vietnamese State-owned Enterprises have also made plans to explore a listing on Singapore's bourse – these are indeed concrete demonstrations of the close synergies between our two marketplaces.

The stage is now set for an enduring relationship between Vietnam and Singapore that will last for years to come. I am confident that the Vietnam-Singapore Listing Preparatory Program will be but the first of many other initiatives that will further cement the growth of Vietnamese companies in Singapore. Let me now conclude by wishing all of you a fruitful and enriching conference ahead and a productive process tapping the international capital markets down the road. Thank you.