

Publication : My Paper
 Heading : S'pore least risky for business in Asia – A2, A23
 Date : June 30, 2010
 Circulation : 300,000

my paper 我报

THE BEST OF BOTH WORLDS

WEDNESDAY JUNE 30, 2010 MICA(P) 107/12/2009 WEBSITE: mypaper.sg A SINGAPORE PRESS HOLDINGS PUBLICATION

S'pore least risky for business in Asia

BY REICO WONG

SINGAPORE yesterday received a boost in its risk rating and regained the position as the safest place to do business in emerging Asia.

French global credit insurer Coface yesterday announced the upgrading of the country's risk ratings from A2+ to A1, the best possible. Singapore was the only Asian country – besides industrialised Japan – to receive this excellent low-risk rating.

The latest rating analysis, which evaluates the average risk of payment default by companies in a given country, was released in conjunction with the Coface Country Risk Conference 2010.

Held for the first time in Singapore, the conference covered

international and regional trade, post-crisis, with a key focus on the issues of China-led growth and intra-Asian trade in the second half of this year.

The guest of honour, Trade and Industry Minister Lim Hng Kiang, was pleased with the rating upgrade.

He said Singapore, with its strategic location, extensive connectivity and robust financial sector, would seek to further strengthen its position as a key business hub in Asia.

"As trade activities grow globally and in the region, there will be a corresponding demand for risk-management solutions," said Mr Lim.

"A vibrant insurance marketplace will be able to respond to these needs...(and) Singapore can play a key role in providing political-risk insurance to com-

panies engaged in cross-border investments in the region."

Coface's chief economist, Mr Yves Zlotowski, described Singapore companies as "very strong" and that they "pay their debts".

Coface also pointed out that the string of government measures introduced during the downturn – such as the Export Credit Scheme and Jobs Credit scheme – contributed greatly to the country's quick return to its pre-crisis A1 risk rating.

Another key factor was the specific nature of Singapore's heavily export-dependent economy.

Mr Jean-Claude Speitel, Coface's regional managing director for Asia, said: "No more than about 25-27 per cent of Singapore's exports actually head to the United States and European markets, and Singapore has

managed very well to lead and re-orientate its exports to its close neighbours and other Asian countries."

In general, Coface was upbeat about Asia's recovery and growth.

Japan received its A1 risk rating despite its large public debt because of the strong rebound in its exports and improvement in corporate balance sheets.

"The Japanese might have the biggest public debt of all markets, but you have to remember that they also have a huge current-account surplus. Ninety per cent of that debt is owned by Japanese residents and absorbed by positive local savings," said Mr Zlotowski.

"So although some fiscal adjustment is necessary, the

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NAVIGATOR

RSS Stalwart wins SAF best-ship award
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Night Fest organises Abusement Park where visitors will be 'shot' at
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Former Soviet spy machine never shut down
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Counterfeiters target Shanghai World Expo
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Ban dogs unsuited to S'pore's climate, says reader
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Fifa chief says sorry for ref gaffes
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China and Taiwan sign trade pact
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IN CHINESE SECTION

Faye Wong to hold return concert in Beijing in October
B16

Singapore Pools suspends sports betting for 1½ hours

BY CHIA HAN KEONG

SINGAPORE World Cup football punters were left puzzled yesterday morning, when Singapore Pools stopped accepting bets or issuing winnings for about 1½ hours.

Upon resumption of normal operations, Singapore Pools chalked the suspension down to a "technical glitch" in its sports-betting system.

Nevertheless, the stoppage generated much coffeeshop talk among Singaporeans, particularly as it occurred amid the World Cup Finals, the most widely watched global sports event.

On the online citizen-journalism website Stomp, user Munich Koh wrote: "The sales lady at the Singapore Pools outlet said they were not accepting bets or issuing winnings, island-wide issue. Called the Pools helpline, it also said it was a technical error."

"Their systems are very robust, based on my knowledge."

A spokesman for Singapore Pools wrote in an e-mail reply to my paper's queries: "Our sports-betting system was down this

morning. However, we have resumed normal operations, including processing prize claims, at 11.30am.

"There was no technical glitch during (Tuesday's) 2.30am World Cup match."

The spokesman assured punters that all winnings are unaffected and punters can go collect their winnings.

Some punters were speculating that the suspension was pertaining to the suspension of

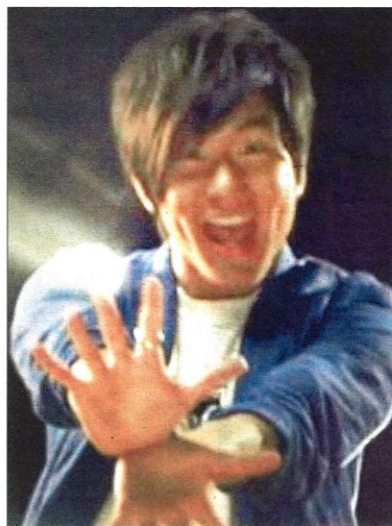


happens for Singapore Pools to investigate the odds that it had set on recent matches.

Said one regular punter, who declined to be named: "Maybe Singapore Pools had to pay out unusual sums of money recently, and wanted to check on any human errors made in setting wrong odds for such payouts."

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ADDITIONAL REPORTING BY PAMELA CHOW



JJ Lin and that YOG cheer

OH NO, JJ. That has been the general response of many Singaporeans upon seeing the video for his Youth Olympic Games cheer, *You Are The One, Singapore*. But the home-grown, award-winning singer reveals that he didn't write the cheer's lyrics. (PHOTO: INTERNET)

SEE ENTERTAINMENT A14 FOR THE FULL STORY.

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Oprah tops Forbes' list again
A19



BUSINESS ROUND-UP

DFZ SHARES SPIKE AMID ATLAN PLAN TO SELL STAKE

DFZ Capital has risen the most in four months in Kuala Lumpur trading after Atlan Holdings said it planned to sell its stake in the Malaysian duty-free retailer to Singapore's Esmart Holdings.

The stock jumped as much as 7 per cent to RM3.50 (S\$1.50), set for its biggest gain since Feb 24.

BLOOMBERG

SINGTEL CEO'S PAY ROSE 23% TO \$4M IN FISCAL 2009

SINGAPORE Telecommunications has increased chief executive Chua Sock Koong's pay by 23 per cent to S\$4.15 million last fiscal year, according to the company's annual report on its website.

BLOOMBERG

51% OF GERMANS WANT DEUTSCHE MARK BACK

A MAJORITY of Germans want to scrap the euro and bring back their old currency, the deutsche mark, according to a new poll published yesterday.

The Ipsos survey showed that 51 per cent of people in Europe's top economy wanted their beloved deutsche mark back, with only 30 per cent wanting to keep the euro. The remainder were undecided.

AFP

MAS TO KEEP A380 ORDERS DESPITE PROLONGED DELAY

MALAYSIA Airlines (MAS) will not cancel its order for six Airbus A380 aircraft despite the prolonged delivery delay, a government official told Parliament yesterday, according to state news agency Bernama.

"At this juncture, MAS has no plans to rescind the order," said Deputy Transport Minister Abdul Rahim Bakri. He added that Airbus will compensate Malaysia Airlines RM329 million (S\$141 million).

REUTERS

SWATCH CHAIRMAN HAYEK DIES OF HEART FAILURE

SHARES in Swiss watchmaking group Swatch dropped yesterday after the sudden death of chairman Nicolas Hayek, widely regarded as the founding father of the Swatch plastic watch.

Mr Hayek, 82, died of heart failure on Monday while at work at the company he transformed into the world's biggest watchmaking group, englobing classic brands such as Breguet, Blancpain, Longines, Omega and Tissot, as well as the affordable and colourful Swatch.

AFP

'Headwinds' to slow China exports

BEIJING

CHINA'S exports face "strong headwinds" in the second half of the year from policy-tightening measures and the European debt crisis, reducing prospects of a rebound in the stock market, Citigroup said.

Chinese stocks will probably stay "range-bound" pending clarity on policies and the economy, Mr Shen Minggao, head of China research at Citigroup, said in a report obtained yesterday.

The Shanghai Composite Index, the world's third-worst performer this year, slid for a fifth day, falling 4.3 per cent to 2,427.05.

The Conference Board said its index of leading Chinese economic indicators rose 0.3 per cent in April, less than the 1.7 per cent gain reported on June 15. The New York-based research firm said in an e-mailed statement that the previous release contained a "calculation error".

"While low valuations are attractive in the near term, risks lurk in terms of earnings downgrades or policy reversal," Mr Shen said. "Macro policies remain directionless."

The government is seeking to sustain the nation's expansion while cooling property prices after record credit growth increased concern that inflation will accelerate.

The Shanghai Composite has tumbled 23 per cent this year, the most after Greece and Cyprus among the 93 indexes tracked by Bloomberg.

Central banker Yi Gang said on Monday that the nation's monetary policies are flexible and could be either tightened or loosened.

Analysts are split on whether the People's Bank of China will raise interest rates this year from crisis levels as the world's third-biggest economy surges back from the financial crisis, a Bloomberg News survey showed last week.

Citigroup's view of the stock

market is in contrast with Nomura Holdings', which turned "bullish" last week after the central bank on June 19 signalled that it will make the exchange rate more flexible, spurring speculation that the yuan will strengthen.

The revaluation of China's currency won't happen quickly or fix all the global economy's imbalances, International Monetary Fund managing director Dominique Strauss-Kahn said on Monday.

China indicated on June 19 that it was scrapping the yuan's two-year-old peg to the United States dollar, pledging a more flexible exchange rate. The decision will slow exports this year, adding to difficulties that include the European debt crisis and rising costs, Mr Yu Jianhua, a Ministry of Commerce director-general, said at the Group of 20 meetings in Toronto over the weekend.

China's exports jumped 48.5 per cent last month from a year earlier, the biggest gain in more

than six years. Shipment growth may slow as Europe's deficits undermine investor confidence and force governments to step up spending cuts, clouding the economic outlook.

Europe is China's largest export destination, accounting for 20 per cent of overseas sales.

The central bank has three times this year ordered lenders to keep a larger proportion of deposits as reserves to rein in investment growth.

Loan growth will slow to 18 per cent by the end of the year from 21.5 per cent last month, Mr Shen said. This will be a drag on money-supply growth and weigh on the stock market, he added.

The Hong Kong-based analyst recommended "high-valuation structural plays" because of their better earnings outlook.

Among Citigroup's top buys are Ping An Insurance, Dongfeng Motor and Ctrip.com International. Gangang Steel and Maanshan Iron & Steel were cited as top sells.

BLOOMBERG

Thailand, Vietnam need 'close watch'

FROM PAGE A2

financial risk posed by the country is still extremely low."

Hong Kong and Taiwan each scored an A2 rating and are predicted to see growth rates of 5.2 per cent and 6.5 per cent respectively this year.

Coface maintained China's A3 risk rating, with Mr Zlotowski saying: "The corporate credit-risk in China is generally good, but there are fragilities linked to the private sector and our B rating on the average level of transparency for companies there clearly has a weighting on China's overall risk rating."

Coface pointed to two Asian economies that require close watching: Vietnam and Thailand.

Vietnam's B rating is under negative watch as the country's financial situation shows ongoing weaknesses stemming from persistent imbalances in external accounts and continued downward pressure on its currency, the dong.

Vigilance was also encouraged with respect to Thailand.

"Thailand's political problems are deeply rooted. We don't see a quick or easy solution, and this may have quite an impact on consumer confidence and domestic demand there," said Mr

EMERGING ASIA

Business climate rating (2010)	RISK RATING								
	Jan '09	Mar '09	Jun '09	Sep '09	Jan '10	Mar '10	Jun '10		
Singapore	A1	A1	A2	A2	A2	A2	A2	A1	
South Korea	A2	A2	A2	A2	A2	A2	A2	A2	
Malaysia	A3	A2	A2	A2	A2	A2	A2	A2	
Hong Kong	A2	A2	A2	A2	A2	A2	A2	A2	
Taiwan	A2	A2	A2	A2	A2	A2	A2	A2	
China	B	A3	A3	A3	A3	A3	A3	A3	
India	A4	A3	A3	A3	A3	A3	A3	A3	
Thailand	A3	A3	A3	A3	A3	A3	A3	A3	
Indonesia	C	B	B	B	B	B	B	B	
Philippines	B	B	B	B	B	B	B	B	
Vietnam	C	B	B	B	B	B	B	B	
Bangladesh	D	C	C	C	C	C	C	C	
Sri Lanka	B	B	C	C	C	C	C	C	
Pakistan	C	C	D	D	D	D	D	D	

SOURCE: COFACE

Zlotowski.

Still, Coface predicted strong growth rates of 6.5 per cent and 3.5 per cent for the two countries respectively.

On the other side of the world, the US recorded an A2 risk rating, Britain an A3, while Greece and Iceland scored an A4.

"The main area of concern continues to be in Europe, where we expect growth prospects for the year to be a modest

0.8 per cent," said Mr Jerome Cazes, chief executive of Coface.

Mr Zlotowski emphasised the continued need for caution with regard to the global economy. There is a chance that the usual cycle of a crisis occurring only after "seven good years" may not hold because little effort is being made to curb speculation, he said, adding that the world may "face more problems before that".

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Air freight demand up sharply

ZURICH

DEMAND for air travel and air freight rose strongly last month and now exceeds levels seen before the global economic downturn, airlines body International Air Transport Association (Iata) said yesterday.

Passenger demand rose 11.7 per cent from a year earlier, while cargo demand was up 34.3 per cent, Iata said. The body's 230 members include British Airways, Singapore Airlines and United Airlines.

"Demand rebounded strongly in May following the impact of the European volcanic-ash fiasco in April. Passenger traffic is now 1 per cent above pre-recession levels, while the freight market is 6 per cent bigger," said Mr Giovanni Bisignani, Iata's director-general.

European airlines recorded the weakest growth in passenger demand at 8.3 per cent, while Latin American carriers recorded the fastest growth, with a 23.6 per cent increase, Iata said.

REUTERS

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South Korea	A2	A2	A2	A2	A2	A2	A2	A2
Malaysia	A3	A2	A2	A2	A2	A2	A2	A2
Hong Kong	A2	A2	A2	A2	A2	A2	A2	A2
Taiwan	A2	A2	A2	A2	A2	A2	A2	A2
China	B	A3	A3	A3	A3	A3	A3	A3
India	A4	A3	A3	A3	A3	A3	A3	A3
Thailand	A3	A3	A3	A3	A3	A3	A3	A3
Indonesia	C	B	B	B	B	B	B	B
Philippines	B	B	B	B	B	B	B	B
Vietnam	C	B	B	B	B	B	B	B
Bangladesh	D	C	C	C	C	C	C	C
Sri Lanka	B	B	C	C	C	C	C	C
Pakistan	C	C	D	D	D	D	D	D

SOURCE: COFACE

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