

Singapore and UK can work to foster a greener, digital future



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Both countries are well placed to collaborate on innovative trade finance solutions to meet the twin challenges of growing digitalisation and climate change, says the Lord Mayor of the City of London.

By William Russell

The City of London, like Singapore and the rest of the world, has seen its fair share of challenges since early 2020, when the Square Mile's half a million strong workforce vacated their offices en masse for the comfort and safety of their homes.

A year and a half on and as we learn to live with the coronavirus pandemic, London, Singapore and other major cities have adapted to new ways of working to retain their competitiveness whilst easing into a post-Covid-19 world.

The increase in hybrid working comes as cross-border digital trade continues to expand rapidly. Technological improvements have accelerated development of new digital products and changing business models, with an increasing proportion of global commerce, across all sectors of the economy, now digitally enabled.

It is against this backdrop that the United Kingdom and Singapore started negotiations on a Digital Economy Agreement (DEA) in June to boost mutual trade and cement ties in industries like fintech and cybersecurity. This development is to be welcomed, with both our countries already global leaders in the digital economy.

In the UK, around 70 per cent of our total services exports - nearly £200 billion - are delivered digitally, from financial and

legal services to music streaming and e-books. Following Covid, these figures may be significantly higher, assuming the global pandemic has further accelerated these trends by pushing an increasing number of business and personal transactions into the digital realm.

Riding the waves of digitalisation

Singapore is already riding the waves of these changes, building an innovative digital trade ecosystem with influence far beyond its shores, as policymakers put digitalisation front and centre as a necessary tool for future cross-border trade. Indeed, the Digital Economy Partnership Agreement (Depa) between Singapore, Chile and New Zealand and the Singapore-Australia Digital Economy Agreement (Sadea) contain some of the most forward-looking provisions on digital trade, as well Singapore's trailblazing ambition in this area.

The formation of the Singapore Trade Data Exchange (SGTraDex) is perhaps the next logical stage in this strategy, being an innovative initiative which enables the trusted and secure sharing of data, created as part of the Singapore government's Alliance for Action (AfA).

I was pleased to meet virtually with senior figures from this organisation last week, and I'm delighted they are also in the City of London today (Sept 15) meeting my colleagues.

Climate change key to global trade discussions

In the wake of Covid-19, many UK firms have been attracted by the idea of digitalising their supply operations, but many have been held back by issues of low adoption, lack of data sharing, and the prevalence of existing platforms. Innovative trade finance solutions are therefore needed that can adapt and connect to these changing business models, and Singapore and the UK are well placed to work together in this field.

Here in the City of London we have long been aware of the importance of digital trade collaboration. In our recent report "Past precedent and future opportunities", we set out the reasons why digital services provisions need to be a key part of UK trade policy, especially given rising fragmentation and

protectionism in parts of the world, and a current lack of global frameworks. That's why it is crucial that London and fellow international financial centres also build up a more digitally focused multilateral system reflecting recent trends in trade, and a Digital Economy Agreement between the UK and Singapore will go some way to helping in this area.

However, no conversation about global trade is complete without discussing climate change, and the role finance must play in combatting this threat to our planet. The science is clear: if we don't take action now on emissions, the effects of extreme weather we have seen this year are only set to get worse. That's why the UN Climate Change Conference - better known as COP26 - to be held in Scotland in November is so important. Simply put, the developed, emerging and developing world must come together and strike a deal.

Public policy and public finance will be central to any agreement. But no job will be complete without private finance, with its long-term view, global reach, flexibility, speed and links into the real-world economy. The UK and Singapore, alongside other international financial centres, need to work together and encourage our banks and asset managers to reallocate capital to more sustainable projects around the world.

With this in mind, the City of London Corporation, alongside the Green Finance Institute, is hosting an event in November called GHS@COP26, bringing together senior figures to discuss how financial and professional services can further play a role in the journey to net zero. We will also address some key, outstanding questions, including the key barriers to accelerating the mobilisation of capital, how can finance support both transition and growth, and how we price carbon and nature. Together Singapore and the UK can lead the way to a greener future.

William Russell is the Lord Mayor of the City of London.

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