

# Singapore Inc. Goes Shopping Abroad: Profits and Pitfalls

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**ABSTRACT** *Efficient state-led, market-driven intervention has been the hallmark of Singapore's success story but the exportability of state credibility, systemic efficiencies and local advantages into alien contexts is a matter of academic and political controversy. This article scrutinises Singapore's experience with outward investment in order to objectively examine the role of Temasek and of the government-linked corporations (GLCs). It uses the case of Temasek's investment in Thailand to reflect upon the economic and political impacts of the GLCs' global quest. It shows that resistance to Singaporean acquisitions reflects a combination of factors, including a general turn towards "economic nationalism," attempts by other governments to replicate the city-state's state-led modernisation, and Temasek's and GLCs' underestimation of the risks that are germane to their international strategy.*

**KEY WORDS:** Temasek, government-linked corporations, Singapore, Thailand, foreign direct investment, investment companies

The international expansion of multinational enterprises (MNEs) from emerging markets is seen increasingly as a defining feature of the global investment landscape and has generated significant interest among policy makers, academics and the media. Southeast Asia plays a key role in this new phenomenon, accounting for 14% of the total outward foreign direct investment (OFDI) stock from developing countries in 2005 (UNCTAD, 2006). Understanding the experience of Singapore is of critical significance, given that for more than three decades the city-state has recorded significant OFDI flows. Indeed, Singapore is the fourth largest outward investor from developing countries (UNCTAD, 2006), with \$174 billion as OFDI stock at the end of 2004 (Singapore Department of Statistics, 2006).

Studying the Singaporean experience is of additional importance insofar as the country's largest domestic firms are state-owned enterprises (SOEs) and this typology of firms is expanding across Asia, not only in China but also in other ASEAN countries. Government-linked companies (GLCs), as they are known in the local jargon, spearheaded Singapore industrialisation in the 1960 and 1970s. According to Singapore's Department of Statistics, GLCs are those in which

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