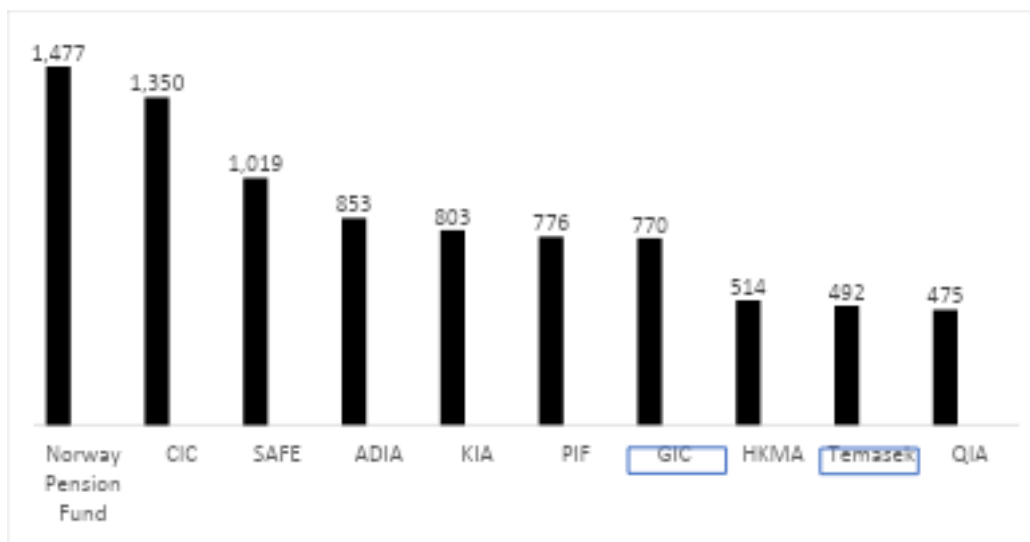


The Hegemony of Southeast Asia: Singapore's Influence through Sovereign Wealth Funds

Roseno Aji Affendi and Benedictus Nathaniel Davin

Singapore's Sovereign Wealth Funds (SWFs), the Government of Singapore's Investment Corporation (GIC) and Temasek Holdings, has emerged as a significant institution with strategic importance in both global and regional contexts (Wu, 2008). Wu (2008) and Shih (2009) explain the grand plan of establishing a SWF decades ago is no longer solely functioning as a means of domestic economic survival but rather has converted into a vehicle for expanding Singapore's economy overseas. The SWF undergoes a transformation, assuming the role of an international political and economic instrument within the context of Southeast Asia's regional dynamics or geopolitical landscape (Liu, 2023; Schena et al., 2022). Based on the principles and explanatory from Rozanov (2005), which are widely accepted in the field, it can be identified that SWFs are specialised funds controlled by the governments and established with the objective to achieve macroeconomic goals [1]. The influence of SWF as a financial powerhouse and technological advancements significantly shapes global politics and the economy as Susan Strange posits that credit creation entails the generation of purchasing power by means of credit (Strange, 1994). The aforementioned loan funds can thereafter be utilised for either consumption or investment purposes, hence stimulating economic activity (Strange, 1994).

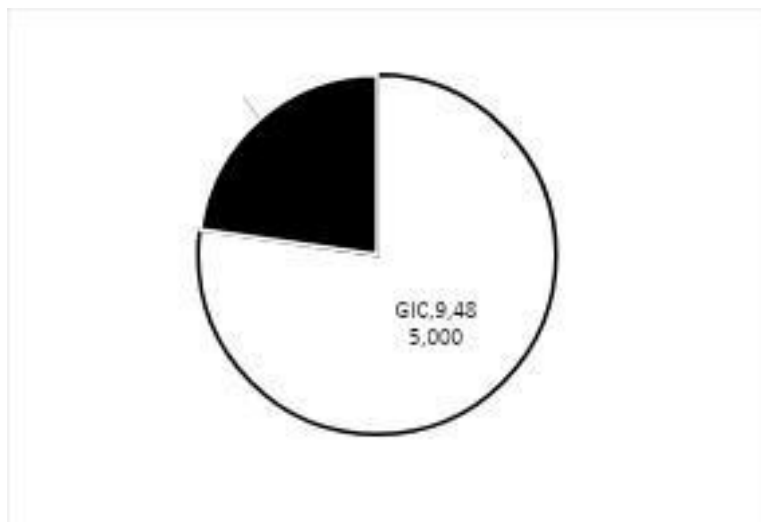
Figure 1. Rankings by Total Assets of Sovereign Wealth Fund (US\$ Billion)



Source: swfinstitute.org (2024)

Figure 1 identifies that GIC and Temasek Holdings are among the top ten SWFs worldwide in terms of valuation (SWF Institute, 2024). In the Southeast Asian region, GIC and Temasek have been observed to engage in substantial investment activities. According to the Tech In Asia database, both GIC and Temasek Holdings have allocated sums over US\$12.2 billion each (Tech In Asia, 2023a, 2023b). Based on figure 2, Temasek possesses a portfolio of investments in 33 companies located in Southeast Asia, amounting to a cumulative investment of US\$2.7 billion. Despite the limited number of Southeast Asian enterprises in its portfolio and GIC has achieved a substantial investment value of more than US\$9.4 billion (Tech In Asia, 2023b, 2023a). Both SWFs have made investments in a total of 42 enterprises within the area with Indonesia being the spot centre (Global SWF, 2022; Varma & Boulton, 2019).

Figure 2. Investment being allocated by GIC and Temasek at SEA Companies



Source: Author's own compilation based on techinasia.com/database (2023).

Based on both figures, Singapore, being the dominant power in the Southeast Asian region and classified as a "developed country," possesses the necessary capabilities and can only anticipate positive outcomes from the investments it undertakes (Lim, 2017; Pei & Koh, 2023). These funds are responsible for managing assets in order to attain financial objectives, which may include investments in foreign financial assets to access bigger markets (Monk, 2009). In conclusion, the figures examine the process of how GIC and Temasek to be considered as a tool for financial influence, seeking profits and political-economy will (Jen, 2010; Strange, 1994). Singapore, as a dominant force in the Southeast Asian region, holds a significant national interest through its investment funds in enterprises operating within Southeast Asia.

Short Bio

Roseno Aji Affandi is a fellow and senior researcher at CBDS (Centre for Business and Diplomatic Studies) under the Department of International Relations, Subject Content Coordinator, and a lecturer of International Relations at Bina Nusantara (BINUS) University. He has been consultant and trainer for several national and multinational clients, including the State Ministry of Co-operatives and Small/Medium Enterprises, Surakarta and Sukoharjo local government, and International Labour Organization. At the same time, he is the director and owner of Goldengrade Consulting, a business development specialist, and the creator and developer of the Revolution of Hopes (RoH) technique. His latest research project and work had been published was the Module Paradiplomacy I: Peran Internasional Pemerintahan Daerah: Tata Kelola, Negosiasi, Dan Diplomasi (2024) and Revolution of Hopes. Reneasia (2014). He can be contacted by roseno.affandi@binus.ac.id

Benedictus Nathaniel Davin is a research associate at CBDS (Centre for Business and Diplomatic Studies) under the Department of International Relations, former intern at Centre for Strategic and International Studies (CSIS), and an international relations graduate from Bina Nusantara (BINUS) University. His latest work had published on Analisis CSIS on Peran Indonesia Investment Authority dan Hambatan Investasi dalam Negeri (2024). He can be contacted by benedictus.davin@binus.ac.id

References:

- Global SWF. (2022, September 23). Indonesia: The Venture Capital Frontier for Singapore's Sovereign Investors. Global SWF.
<https://globalswf.com/news/indonesia-the-venture-capital-frontier-for-singapore-s-sovereign-investors>
- Jen, S. L. (2010). Economics of Sovereign Wealth Funds. INTERNATIONAL MONETARY FUND.
<https://doi.org/10.5089/9781589069275.071>
- Lim, H. (2017). Singapore. In P. Intal (Ed.), ASEAN and Member States: Transformation and Integration (Vol. 3, pp. 199–217). Economic Research Institute for ASEAN and East Asia.
- Liu, Z. Z. (2023). Sovereign Funds. Harvard University Press.
<https://doi.org/10.2307/jj.2915805>
- Monk, A. (2009). Recasting the Sovereign Wealth Fund Debate: Trust, Legitimacy, and Governance. New Political Economy, 14(4), 451–468.
<https://doi.org/10.1080/13563460903287280>

- Pei, S. F., & Koh, B. P. (2023, February 4). Singapore's potential as a regional hub for impact investing. *The Business Times*.
- Rozanov, A. (2005). Who Holds the Wealth of Nations. *International Journal of Central Banking*, 15(4), 52
- Schena, P. J., Vida, J. F., Aguilar, J. C., Blanco, A., & Bernal, J. (2022). SOVEREIGN WEALTH FUNDS 2021.
<https://docs.ie.edu/cgc/SWF%202021%20IE%20SWR%20CGC%20-%20ICEX-Invest%20in%20Spain.pdf>
- Shih, V. (2009). Tools of Survival: Sovereign Wealth Funds in Singapore and China. *Geopolitics*, 14(2), 328–344. <https://doi.org/10.1080/14650040902827799>
- Strange, S. (1994). STATES AND MARKETS (Second). Continuum. SWFINstitute. (2024, October 4). Sovereign wealth fund rankings.
- Tech In Asia. (2023a). GIC-Government of Singapore Investment Corporation (新加坡政府投资公司). Tech In Asia Database. <https://www.techinasia.com/companies/gic-1>
- Tech In Asia. (2023b). Temasek Holdings. Tech In Asia Database.
https://www.techinasia.com/companies/temasek-holdings#google_vignette
- Varma, S., & Boulton, A. (2019, January 16). The Next Private Equity Hot Spots in Southeast Asia. Bain & Company.
- Wu, F. (2008). Singapore's Sovereign Wealth Funds: The Political Risk of Overseas Investments. S. Rajaratnam School of International Studies,