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**TODAY EXCLUSIVE**

# Art 'fortress' in Singapore

Republic offers safe haven for world's collectors with high-tech storage centre

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SINGAPORE is not counted among the art capitals of the world, but it could soon be home to some of the rarest and most valuable treasures on the planet.

These art masterpieces, though, will not be for public viewing. They will be stashed here for safekeeping as the Republic makes its entry into the exotic, multi-billion-dollar business of art repositories or warehouses.

In doing so, it will take its first slice of the pie away from Switzerland, where most of the world's art treasures have traditionally been kept in secret vaults. But changing laws in Switzerland no longer suit the owners of these pieces, who prefer to keep their acquisitions confidential and low profile.

Singapore is stepping in to fill this void.

TODAY understands that a high-security Fort Knox type building is to be built near Changi International Airport to house the artefacts and paintings – a trove estimated to be worth \$15 billion.

A high-tech system of electronic surveillance will ensure that no outsider gains entry into the building, except, of course, the owners of the works of art.

There will be reinforced walls, strong rooms and vaults, while two of the lower floors of the three-story building will be windowless, sources told TODAY.

The facility, scheduled to be built within 12 months, will be operated by The Singapore Freeport, a company set up in June with the support of the Government.

Checks by TODAY revealed that the business is jointly owned by a Swiss company, the National Arts Council, the National Heritage Board and venture capitalist



## A FOOT IN THE DOOR?

**TOTAL VALUE OF WORLD ART TRADE**  
**US\$52BILLION**

**PEOPLE EMPLOYED**  
**IN SWISS ART SECTOR**  
**9,000**

YEN YOK

Alain Vandenborre, a Belgian-turned-Singapore citizen.

The two statutory boards – which own 100,000 shares combined, or 5 per cent each, with an NAC director appointed as one of the company's seven directors – told TODAY: "Details will be provided when plans are finalised".

The Swiss partner, Natural Le Coultre (NLC), will be the majority shareholder. In an email to this newspaper, one of the company's representatives Yves Bouvier – also a director with The Singapore Freeport – said: "The art market is booming in Asia. NLC therefore intends to

expand its Swiss concept into Singapore.

"Like Switzerland, Singapore is both ideally located and politically stable."

The Swiss company is well-established in the storage and movement of art. But the introduction last year of tough new Swiss laws, in line with a Unesco convention on cultural property that Switzerland signed in 2003, has made the movement of art pieces, especially those that might be considered "cultural heritage", subject to strict checks.

Switzerland has said that it intends to crack down on the illicit movement of cultural property.

The checks are especially tough on those engaged in the art trade and auction business where due diligence to prove ownership of the art works is essential.

New art owners, wealthy Arabs among them – perhaps represented by institutional players – are said to be searching for new havens to which they can send their treasures for safekeeping, an art dealer told TODAY.

Auction houses could also be potential clients.

In fact, a study is being made into the possible inclusion of a Customs checkpoint at the 150,000-sq-ft facility to provide it with the status of a duty-free zone, in the footsteps of the 16 freeports in Switzerland, where goods may remain in transit between customs areas without any duty being payable on them.

A Singapore Customs spokesperson told TODAY it has no knowledge of this mechanism but pointed out two existing duty or tax-exempt storage schemes for traders.

One is the Licensed Warehouse, which is a designated area approved and licensed by Customs for storing dutiable goods, namely liquor, tobacco, motor vehicles and petroleum, with the Duty and Goods and Services Tax (GST) suspended.

The other is the Zero GST Warehouse Scheme, which came into effect this year, and which can be used to warehouse any goods except dutiable goods, locally acquired or locally manufactured goods, and GST-paid goods. The trader can keep the goods in the storage facility for an indefinite period of time, but the designated premises must be a physically secured.

In any case, the \$15 billion worth of art headed for Singapore, which withdrew from Unesco in 1985, is just a drop in the proverbial ocean. Switzerland has long been a safe haven for art treasures and artefacts – including art plundered by the Nazi occupation

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## Art 'fortress' in Singapore

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of Europe – worth trillions of dollars.

More recently, the invasion of Iraq resulted in the disappearance in April 2003 of some 11,000 rare cultural artefacts from the Iraqi National Museum.

The viability of the art storage business can be gauged from the fact that there are close to 900 such facilities in Switzerland.

So, will the Singapore facility yet prove to be the start of a lucrative enterprise?

Currently, Singapore has some experience in the storage and conservation of artefacts with the construction of the purpose-built Heritage Conservation Centre in Jurong, which manages and conserves the collections of the museums of the National Heritage. Visitors can get a glimpse of these artefacts on Wednesdays.

At the Singapore Freeport facility, though, entry will be restricted to owners and potential buyers, who will be able to enjoy, perhaps, a Picasso or a Rodin in the comfortable privacy of special viewing rooms.

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# Najib presses S'pore button

### Passionate plea to work with Singapore to fight off competition

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THE pitch was passionate and the tone surprised observers because it was so vehement.

Malaysian Deputy Prime Minister Najib Razak called for an end to decades of squabbling with Singapore, saying both countries needed to work together to stave off increasing competition.

Past ties had "often lurched from grudging civility to outright acrimony" said Mr Najib. But now he wanted the neighbours to seize on "a palpable thaw" in relations to become economic partners.

"If we choose to remain aloof, to go it alone, we risk being torn apart by competition," he said in his keynote address at a conference organised by the London Business School.

China and India were surging ahead, he said, and even Vietnam and Thailand were fast catching up, he said: "For Malaysia and Singapore, the stakes are high. We are no longer the darlings of foreign investors."

To some observers, the urgency reflected in Mr Najib's comments stemmed from the plummeting foreign direct investments (FDI) in his country. Malaysia has seen FDI drop every year since 2003 – from US\$3.82 billion to just US\$1.07 so far this year.

They said that Malaysian leaders were now accepting a logic that Singapore, among others, have been advocating for some time – that regional neighbours must work together or risk getting sidelined.

Putting his seal on this line of thinking, Mr Najib said: "The economic logic is clear as day."

Malaysian political watcher, Dr Ooi Kee Beng, said the statements came as "a pleasant shock".

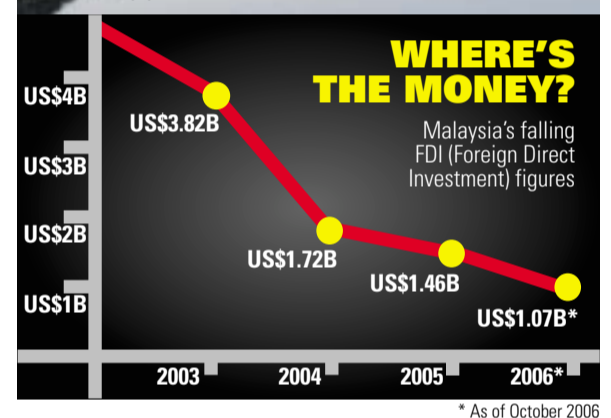
"It's even more significant that it came from Najib rather than Prime Minister Abdullah Badawi. Mr Abdullah has always been known as the 'nice guy' so you would expect such conciliatory statements from him but Najib's stance towards Singapore has been more ambivalent.

Also, in light of Mr Abdullah's feud with (former PM) Mahathir, it wouldn't be wise for Mr Abdullah to make such statements since they can be construed as him bowing to pressure from Singapore," added Dr Ooi, a fellow at Institute of South-East Asian Studies.

Singapore's Deputy Prime Minister Wong Kan Seng, who was present at the same conference in Kuala Lumpur, reiterated the Republic's stand that the region must work towards economic integration to remain attractive to investors. In fact, the target date for converting the Association of South-east Asian Nations into a single production zone could be advanced from 2020 to 2015, he said.

Citing how the Republic had deepened its ties with China and India, Mr Wong indicated that economic relations with Malaysia, too, had grown.

"I understand that as of October 2006, Singapore companies are the single largest participant in the Multimedia Super Corridor, behind Malaysian companies,"



said Mr Wong.

He mentioned several joint ventures between Malaysian and Singapore outfits and pointed out that Singaporean investments in Malaysia had grown since 2002.

Observers said it was obvious that Mr Najib wanted to speed this up even further. Johor, for example, has been worried about the fact that Singapore was no longer its top investor – a position that was now occupied by The Netherlands. They were waiting to see if Mr Najib's remarks meant that ties between the two neighbours would take on a different tone.

"With increasing competition, it simply makes common sense for Malaysia and Singapore to invest in each other's future," said Mr Najib.

Reacting to these comments, Dr Ooi said: "What would be interesting is how other Malaysian leaders react to Najib's statements. It could either show a clearer pattern of an overall strategy for strengthening ties or reveal Najib's statements to be a one-off thing."

### A PITCH TO S'PORE

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**FAIRYTALE SCENE:** A couple walk in front of the illuminated shape of a horse-drawn carriage displayed along the peace street in downtown Hiroshima. Some 45 spots of the year-end illumination will be on display until Jan 3 next year.

AFP