



Asia-Pacific Trade Briefs

Singapore

Merchandise trade: Trade is critical to the economy of Singapore. It has the second busiest container port and second highest trade (merchandise and services) to GDP ratio in the world (187.6%). In 2014, merchandise exports contracted by -0.1% – a worse performance than the overall Asia-Pacific region (1.5%). Factors behind the slowdown in export growth include the economic rebalancing of China, and resulting spillover effects on Hong Kong, China – both of which are Singapore's largest trading partners, accounting together for 28.7% of Singapore's merchandise exports. Singapore is a global hub for the refinement of petroleum oils and gases, accounting for around a quarter of all imports and exports. Nevertheless, exports are highly diversified across 4411 products and 125 markets compared to the Asia-Pacific average of 2107 products and 95 partners. Singapore's merchandise imports also contracted by -1.8% in 2014.

Services trade: Singapore's services exports grew by 2.3% in 2014 – lower than the Asia-Pacific region (4.8%). This was led by modest growth in exports of transport services – the largest sector, and much higher growth in business and financial services – the next largest sectors. In contrast, services imports contracted marginally by -0.05%. This was largely due to a sharp decline in travel services exports – the second largest sector.

Global value chains (GVCs): The share of intermediate goods in trade – a proxy for participation in GVCs – is much lower in Singapore (17%) than for the Asia-Pacific region overall (22%) for imports, and much higher in Singapore (23%) than the Asia-Pacific (18%) for exports. Nevertheless, Singapore – as a global entrepôt – is highly integrated in to GVCs. Singapore is an important centre for the manufacture and assembly of electronic goods. This is reflected in top imports which include intermediate goods such as electronic circuits, and top exports which prominently feature consumer electronics.

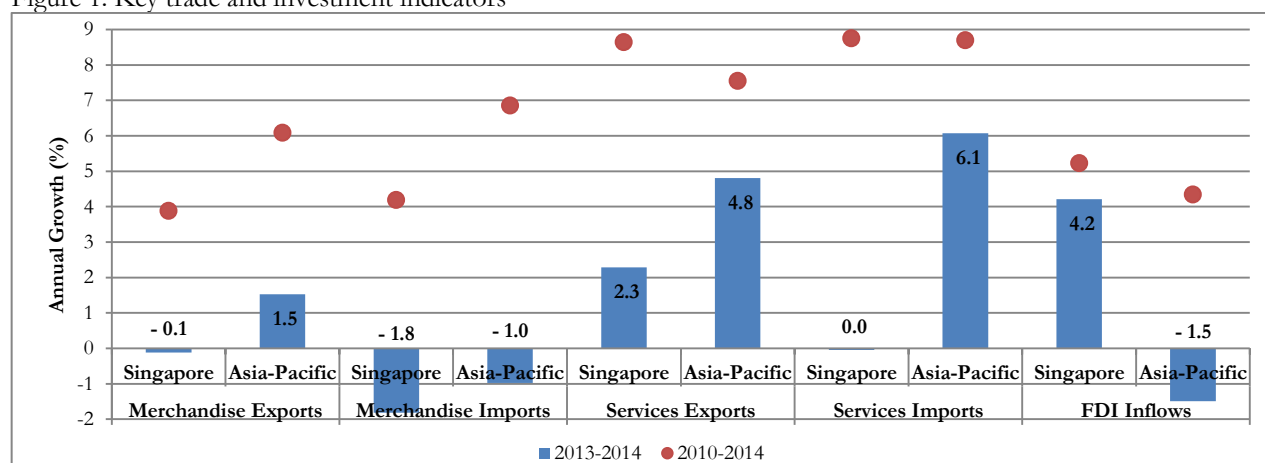
Foreign direct investment (FDI): Singapore's FDI inflows grew robustly, by 4.2% in 2014 – making it the 5th largest recipient of FDI in the world. An uncertain global economic outlook, heightened financial market volatility, and escalating geopolitical risks may have encouraged investment in safe-haven investment locations such as Singapore. It remains an attractive destination for investment – despite the economic slowdown of China – on account of several features including: an open trade regime; simple regulations; low taxes; political stability; minimal corruption; and prudent fiscal and monetary administration.

Tariffs: As a centre for free trade, Singapore's MFN applied and effective tariffs, both at 0.0% are substantially lower than Asia-Pacific averages of 7.4% and 7.4%. Average WTO bound duty, at 7.0%, is much lower than the Asia-Pacific average of 21.7%. Singapore has amongst the most competitive tariffs in the world.

Trade costs: Intraregional trade costs in Singapore have increased slightly since 2009. It is costlier for Asia-Pacific economies to trade with Singapore than with East Asia-3 (China, Japan and Republic of Korea) – the intraregional benchmark – and with EU-3 (France, Germany and United Kingdom) – the extraregional benchmark. Based on the UNRC Survey 2015*, Singapore's trade facilitation and paperless trade implementation score is at 90.3%, compared to 46.5% for the Asia-Pacific.

Trade agreements: Singapore has 22 trade agreements in force, substantially higher than the Asia-Pacific average of 7 agreements. Sixty five per cent of exports are to PTA partners, compared to 35% for the Asia-Pacific. Seventy five per cent of imports are from PTA partners, compared to 45% for the Asia-Pacific.

Figure 1. Key trade and investment indicators



*Country notes summarising results of the UNRC Survey 2015 are available at: <http://unnex.unescap.org/UNTFESurvey2015.asp>

Figure 2. Top merchandise markets

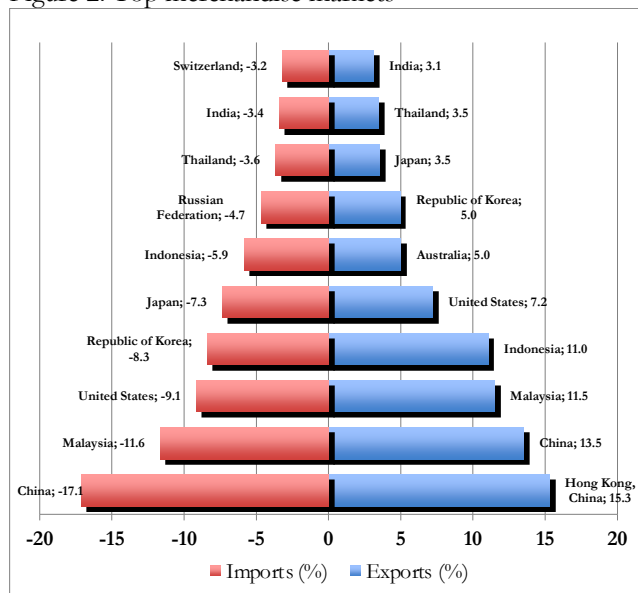


Figure 3. Top merchandise products

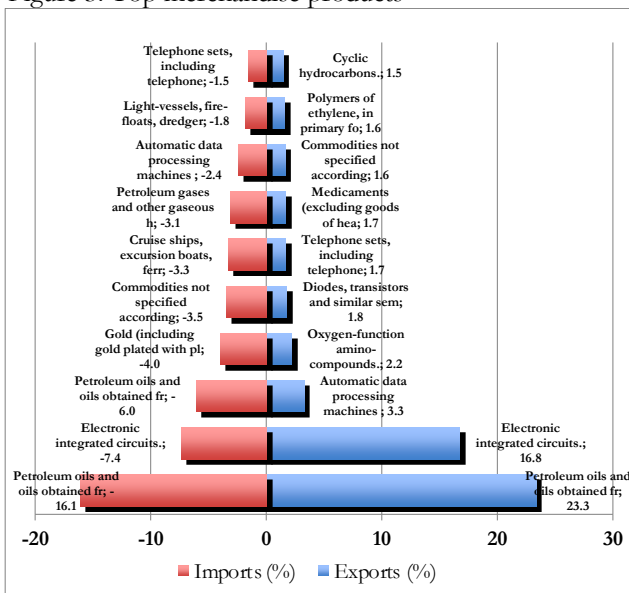


Figure 4. Trade in goods by their use

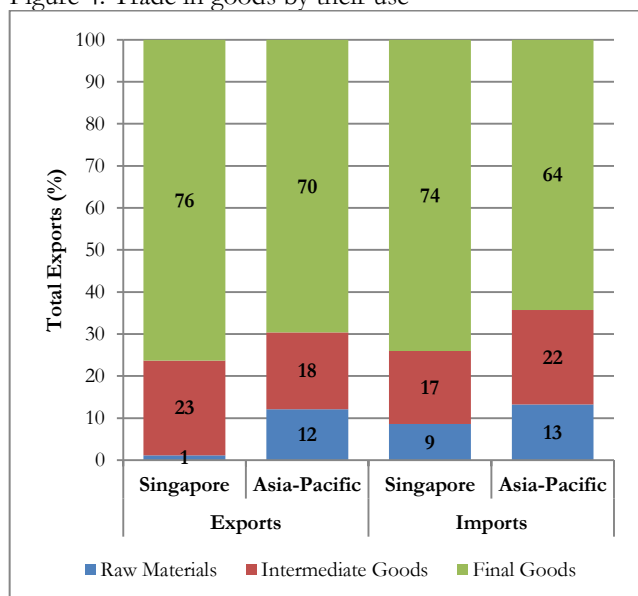


Figure 5. Foreign direct investment

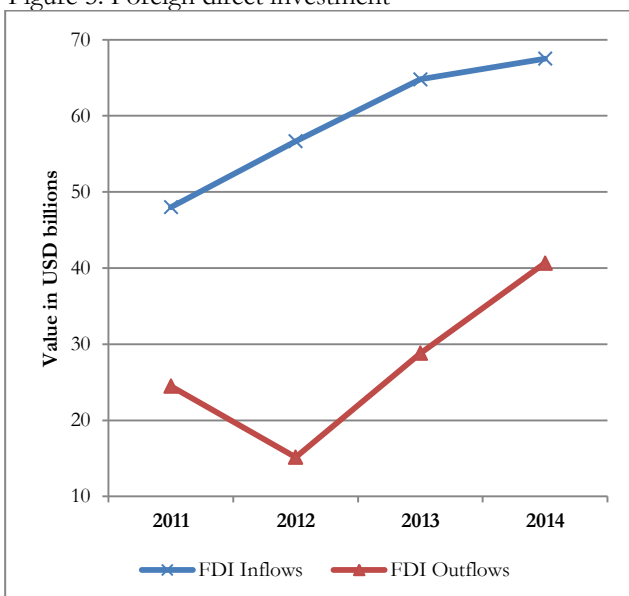


Figure 6. Tariffs

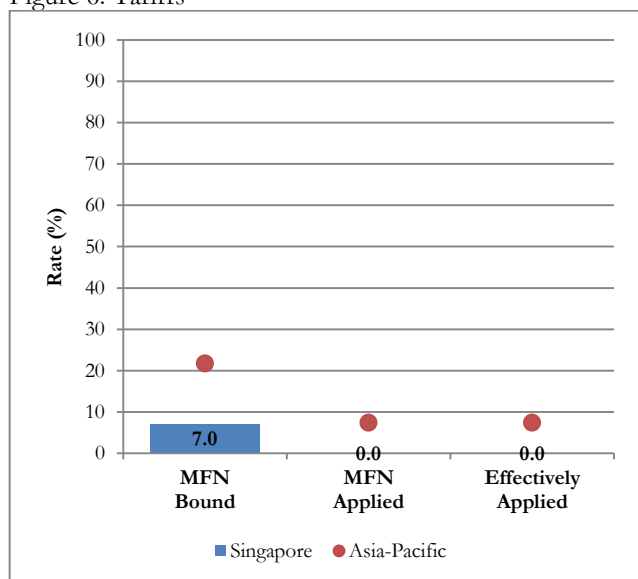
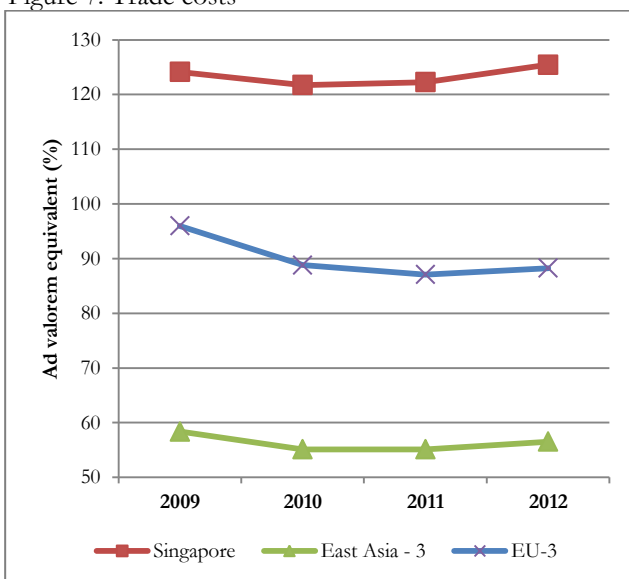


Figure 7. Trade costs



Sources: Trade and tariff data were accessed through WITS. FDI data was accessed through UNCTADstat.

Notes: Trade data follows the HS2007 classification. Mirror data is used. Products are defined at the 6-digit level.

Definitions: Primary, intermediate, consumer, and capital goods are defined using UNCTAD System of Accounts. Final goods are defined as the sum of consumer and capital goods. Bound tariff is the maximum most favoured nation (MFN) tariff permitted under WTO obligations. MFN applied tariff is the tariff applied on imports among WTO members. Effectively applied rate is the lowest tariff available, i.e. preferential rates where available.

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