SUMMARY

1. Singapore remains one of the most market-oriented and open economies in the world and is also considered the easiest country in which to do business. Singapore is facing a number of new challenges, as well as opportunities, due to the global financial crisis and its competitiveness is being tested by low-cost economies particularly in Asia. In response, Singapore has launched a productivity drive to boost GDP growth and facilitate its transformation into a high-tech economy.

2. Largely as a result of the global financial crisis, in the second quarter of 2009 Singapore experienced its biggest output decline in 20 years. However, a countercyclical fiscal stimulus (S$20.5 billion in 2009), monetary easing, strong economic fundamentals, and labour market flexibility allowed a swift recovery.

3. The economy grew at an annual average rate of 6% in 2007-11. Singapore experienced a surge in transport and wholesale trade activities, reflecting its role as a regional trading and logistics hub. To address the increase in income inequality and population ageing, the Government is strengthening its social safety nets (e.g. housing and healthcare). Singapore is also moderating the influx of foreign workers.

4. Singapore has felt the impact of the global recession primarily through the trade channel. From peak to trough, non-oil domestic exports fell by close to 30%. Their revival has been boosted particularly by consumer demand in China and corporate IT investment in the United States. Singapore has the highest trade to GDP ratio in the world (around 400% on average during 2008-11) reflecting its position as a major transhipment hub and the high import intensity of Singapore's exports. The share of imported components in Singapore's total merchandise exports has increased over the last decades and is estimated at over 50%.

5. Historically, Singapore has experienced significant net capital outflows, the counterpart of persistent current account surpluses (20.5% of GDP on average during 2007-11). Official flows have constituted the bulk of net outflows, reflecting mostly foreign asset accumulation by Singapore's sovereign wealth funds (Temasek and the Government of Singapore Investment Corporation).

6. Singapore is a major recipient of FDI, with annual inflows averaging almost US$25 billion since 2007. Restrictions on foreign direct investments are maintained in a few sectors, including broadcasting/news media, legal services, and retail banking.

7. Singapore actively encourages investment through an array of tax and non-tax incentives. These are intended to encourage local companies to expand and internationalize production; invest in R&D, and training; and access procurement opportunities, amongst others. Incentives are also provided to encourage companies to establish their global or regional headquarters in Singapore, to promote technology and knowledge transfer, as well as to enhance Singapore's appeal as a services hub.

8. State ownership in key sectors of the economy (e.g. electricity, telecommunications, transport, and ports) remains substantial, including through enterprises in which Temasek holds shares.

9. The Government has set the goal of sustaining productivity growth throughout the economy of 2-3% per year during 2010-20 (1% was achieved in 2000-09). This objective involves a substantial increase of Singapore's gross expenditures on R&D to reach 3.5% of GDP by 2015. In order to boost productivity, 16 key sectors have been identified (construction; electronics; precision engineering;

transport engineering; general manufacturing; retail; food services; hotels; healthcare; information, communication, media and design; logistics and storage; and administration and support services; accountancy; financial services; process construction and maintenance; and social services).

10. Singapore remains a staunch supporter of the multilateral trading system. It participates in the Information Technology Agreement and the Plurilateral Agreement on Government Procurement. Singapore is also a signatory to the GATS protocols on telecommunications (Fourth Protocol) and financial services (Fifth Protocol). It is not a signatory to the Plurilateral Agreement on Trade in Civil Aircraft, but has observer status in the Committee. During the period under review, Singapore has not been involved in any disputes at the WTO.

11. Singapore continues to pursue trade liberalization through bilateral and regional agreements. Since 2008, six new FTAs have entered into force, of which four are regional agreements negotiated within the framework of ASEAN and two are bilateral agreements. It has also signed bilateral agreements, or negotiations are under way, with an additional 12 countries. Altogether Singapore's has a network of 18 regional and bilateral agreements covering 24 trading partners, mostly within the Asia-Pacific region. Singapore is also participating in the Trans-Pacific Partnership negotiations.

12. Together with its ASEAN partners, Singapore is continuing to work towards achieving an ASEAN Community by 2015. Steps taken to reach this objective include the ASEAN Trade in Goods Agreement (ATIGA) in 2010, and the ASEAN Comprehensive Investment Agreement (ACIA), which should enter into force in 2012.

13. Singapore has a very open trading regime, levying tariffs on only six tariff lines (stout and porter, beer and ale, and medicated and non-medicated samsu) subject to specific rates. These tariffs have been eliminated for imports from FTA partners. However, around 30% of Singapore's tariff lines are unbound; with bound rates ranging from 0-10%.

14. Singapore maintains a single window system for customs processing through which traders may submit import documentation and permits online. The single window connects to all governmental agencies from which authorizations are required: approval time is about 10 minutes in 99% of cases. Singapore Customs has introduced new, or expanded existing, initiatives to further facilitate trade. In addition, since 2011, importers have been able to apply for binding advance rulings on customs valuation.

15. Import prohibitions are in place mainly for health, safety, and environmental reasons, or to comply with Singapore's international (non-WTO) obligations. Imports remain prohibited for chewing gum unless for therapeutic purposes, and for used motor vehicles more than three years old. Singapore requires licences for a variety of imports, through either automatic or non-automatic procedures. Imports of rice are managed through a strategic reserve for food-security purposes, under which licenced importers are required to stockpile rice equivalent to two months of imports. No specific trade concerns have been raised in the SPS or TBT Committees regarding any of Singapore's measures.

16. Singapore did not take any contingency measures over the review period: it does not have safeguards legislation, it has never imposed a countervailing measure, and its last anti-dumping measures were terminated in 2003.

17. Singapore has five free trade zones (FTZs). There are minimal documentary requirements for goods entering FTZs and various schemes to provide for GST relief. International Enterprise (IE)

Singapore is responsible for trade promotion and provides financial support through a variety of programmes to assist companies to expand or develop new overseas operations. Export finance is only available through private sector institutions. However, the Government is involved in underwriting private-sector loans for overseas expansion activities and trade financing as well as trade credit insurance.

18. Singapore's competition regime is largely unchanged since 2008, although enforcement provisions have been strengthened and enforcement activity has increased. However, a number of areas are still exempt from competition rules.

19. In the area of intellectual property rights, Singapore has amended its Patents Act 2008 to implement certain measures under the "Paragraph 6 System" of the Doha Declaration on the TRIPS Agreement and Public Health to enable it to use the system as an importer.

20. Government procurement procedures remained unchanged over the review period. Singapore's applied regime is very open: all non-classified procurements over S$3,000 by its 89 procuring entities (which include central government entities as well as statutory boards) are published on the Government's web portal (GeBIZ). GeBIZ is accessible to all suppliers, and no preferences or set-asides are accorded to domestic suppliers. In the 2011 negotiations to revise the WTO Government Procurement Agreement (GPA), Singapore added executive search services to its GPA commitments. Singapore has procurement commitments in several of its bilateral FTAs; coverage of statutory boards (which comprise the bulk of government procurement) tends to be partial, and thresholds vary. The total value of non-classified procurement by the Singapore Government was S$27.3 billion in 2011.

21. The manufacturing sector accounted for 21% of GDP in 2011 (24% in 2007). Singapore's industrial policy aims at maintaining a strong manufacturing base in the range of 20-25% of GDP, while achieving a further shift away from labour-intensive activities towards high-value-added, capital-intensive industries. To encourage economic restructuring, the Government has fine-tuned its labour and land use policies and is taking steps to promote productivity growth.

22. Services constitute the most important sector in terms of contribution to GDP (over two thirds) and total employment (about 70%). Overall, there is much diversity in Singapore's services commitments in its various FTAs. In most cases, commitments go beyond its GATS schedule/offer.

23. Financial institutions (foreign and local) may obtain various incentives as long as they are able to meet the qualifying criteria. Measures are being taken to increase capital adequacy requirements for banks and further enhance the resilience of the banking sector. Singapore is strengthening its position as a major regional asset-management centre, attracting well recognized firms.

24. Increased market liberalization and competition, including through the recently amended Telecommunications Act and Telecom Competition Code, has resulted in a significant increase in the number of telecommunication service providers. Over 1,000 telecom licences have been awarded, mainly to service-based operators. To facilitate market entry and competition, the Postal Competition Code and the Postal Services Operations Code were introduced in 2008.

25. Singapore remains a major international maritime centre and international air hub. Faced with intensifying competition in the region, the Government has taken steps to strengthen the competitiveness of Singapore as a one-stop-shop for all port, shipping, and maritime activities.

Measures include streamlining the preferential corporate tax regime for the maritime transport sector, and investments in port infrastructure. In the air transport sector, Singapore has made progress in further opening up air services, mainly bilaterally and within the framework of ASEAN.

26. A significant development over the review period was the partial opening-up of Singapore's domestic legal services regime and increased flexibilities for foreign and local law firms to offer legal services jointly. Licensed foreign law practices and joint-ventures between Singaporean and foreign law practices may now offer domestic corporate and commercial law services either through Singapore lawyers or through foreign lawyers who have obtained a Foreign Practitioner Certificate. Other areas of domestic law remain the exclusive preserve of Singaporean law practices and Singapore lawyers.