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## SUMMARY

1. Singapore's economy has long been characterized by solid growth, subdued inflation, low unemployment, ample fiscal and monetary reserves, financial stability, and openness to international trade and investment. This strong performance has been underpinned by sound macroeconomic policies, resulting in a substantial increase in living standards over the past two decades. Today Singapore has one of the highest GDPs per capita in Asia (USD 59,819).

2. Between 2016 and 2019, the Singaporean economy expanded at an average annual rate of 3.1%, driven mainly by domestic consumption and, in some years, by net exports, while the contribution of gross investment was modest. On the supply side, the services sector is the main contributor to GDP (70%) and employment (76%), followed by manufacturing (21.5% and 12.4%, respectively), whereas the shares of agriculture, fisheries, and quarrying are negligible.

3. In 2020, the COVID-19 pandemic dealt a severe blow to the Singaporean economy, as the containment measures and travel restrictions implemented to address the sanitary crisis, both at home and abroad, together with the fall in external demand and supply chain disruptions, exacted a heavy toll on economic activity. As a result, GDP contracted by 5.4% in 2020. To mitigate the economic fallout from the COVID-19 pandemic, the Government put in place a range of fiscal and monetary measures through the implementation of five budgets between February and October 2020, worth a total of SGD 100 billion (almost 20% of GDP). The support measures included cash transfers and income support, wage subsidies, support for skills upgrading, property and corporate income tax rebates, rental waivers, the provision of affordable financing (especially for small and medium-sized enterprises (SMEs)), and incentives to adopt new technologies.

4. Pursuant to its fiscal framework, the Government maintained a balanced budget over the 2016-19 period. However, a deficit estimated at 13.9% of GDP was registered in 2020, mainly as result of increased spending linked to the implementation of the five budgets to support the economy. The Monetary Authority of Singapore responded to the crisis by easing monetary policy, which is centred on the exchange rate, and by increasing liquidity in the financial system and introducing programmes to facilitate lending. The authorities expect the economy to recover gradually in 2021, albeit unevenly across sectors.

5. Throughout the review period, Singapore recorded a substantial current account surplus, averaging 16% of GDP in 2016-20, on account of large surpluses in the merchandise trade balance. Given its strong external position and its status as an international financial hub, Singapore has accumulated sizeable foreign reserves, which amounted to USD 362 billion in 2020.

6. Singapore remains a very open economy, as the country's two-way trade (goods and services) represents 320% of GDP. A large part of this is entrepôt trade, a reflection of the country's position as a trading hub: 55% of total merchandise exports in 2020 were re-exports. Singapore's trade flows indicate that the Asia-Oceania region constitutes its main market and supplier, although the United States, the European Union (EU-27), and other countries outside the region remain important trading partners. Singapore's exports are dominated by manufactured products (74% of total merchandise exports), with machinery and electrical equipment (notably electronic integrated circuits) being the leading export items. Imports are also concentrated in manufactured goods, followed by petroleum and mineral products. The main services exports include several business services, and transport and financial services. Foreign direct investment (FDI) flows show the importance of extra-regional partners, such as the United States, the EU-27, and the United Kingdom as sources of investment. The large amount of FDI inflows may be indicative of Singapore's business-friendly environment and attractive investment schemes.

7. In the immediate future, challenges facing the Singaporean economy include a potential slowdown in the recovery of world merchandise trade, declining exports of transport and travel services due to prolonged global mobility restrictions, continued trade tensions involving major economies, and uncertainty regarding the course of the COVID-19 pandemic. Given its position as an international financial hub, Singapore is exposed to volatility in financial markets, particularly as large capital inflows over the years have resulted in sizeable foreign liabilities. In the medium term, structural challenges include a rapidly ageing population, the need to further improve income distribution, skill mismatches in the labour market, and adjusting to technological change. To address these challenges, Singapore has embarked on an economic transformation agenda based on the

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recommendations issued in 2017 by the Committee on the Future Economy. The goal is to build a value-creating economy that is open and connected to the world, by building skills and capabilities and supporting innovation and digitalization. Among the strategies to achieve this goal is the implementation of 23 Industry Transformation Maps, covering about 80% of Singapore's GDP.

8. The main objectives of Singapore's trade policy, which remained largely unchanged during the review period, are to expand overseas opportunities for locally based companies, support a predictable and fair trading environment, and minimize impediments to the flow of imports and exports, by improving Singapore's trade and business environment. The authorities note that the repercussions brought about by the COVID-19 pandemic have reinforced the importance of maintaining Singapore's connectivity and openness to the world. A strong supporter of the rules-based multilateral trading system, Singapore is the co-convenor of the Joint Statement Initiative on E-Commerce, participates in the joint initiatives on investment facilitation and on micro, small, and medium-sized enterprises, and takes part in the Trade and Environmental Sustainability Structured Discussions. Singapore is also a party to the Information Technology Agreement. During the review period, Singapore made 113 notifications to 11 WTO Committees.

9. Singapore was not involved in any trade dispute at the WTO either as complainant or respondent during the review period. It was, however, an active participant in the dispute settlement mechanism as a third party. Singapore is a member of the Multi-Party Interim Appeal Arbitration Arrangement.

10. Singapore considers that free trade agreements (FTAs) complement the multilateral trading system and has expanded the scope of its FTAs to include issues such as e-commerce, intellectual property (IP) rights, competition, government procurement, and dispute settlement. It has a network of 27 FTAs, of which 7 are agreements under the Association of Southeast Asian Nations (ASEAN). During the review period, Singapore signed seven new agreements and reviewed or updated another seven. The share of trade with preferential partners is over 95% for both exports and imports.

11. There have been no major changes to Singapore's investment regime since its last Review. The general policy is to attract foreign investment, and local and foreign investors are subject to the same basic laws. There are, however, some limitations on foreign ownership and on business scope, and certain residency restrictions on sectors considered as strategic and/or critical for national security, such as broadcasting, domestic news media, retail banking, legal and accounting services, ports and airports, and residential property ownership.

12. Singapore has extensive networks of bilateral investment treaties and tax treaties. The Multilateral Convention to Implement Tax Treaty Related Measures to Prevent Base Erosion and Profit Shifting under the auspices of the OECD entered into force for Singapore in 2016.

13. Customs procedures have remained largely unchanged since the last Review. They are entirely digitalized and carried out in a speedy manner through TradeNet, the national single window. Since September 2018, the Networked Trade Platform (NTP), a new one-stop trade and logistics ecosystem, connects players across the trade value chain in Singapore and abroad. The NTP will gradually replace TradeNet as the single platform for customs permit application.

14. Singapore has long been at the forefront of trade facilitation initiatives. It was among the first WTO Members to ratify the Trade Facilitation Agreement, and it has implemented all of its provisions since the entry into force of the Agreement in 2017. Singapore continues to operate its Trade Facilitation and Integrated Risk-based System (TradeFIRST), whereby Customs grants trade facilitation measures to companies according to their classification under a five-tiered scheme (from basic to premium). Singapore has also been engaged in trade facilitation efforts within ASEAN, including in the implementation of the ASEAN Single Window from December 2019.

15. Under Singapore's applied MFN tariff schedule, all products are zero-rated, except for four tariff lines corresponding to two product categories (stout or porter; and other beer made from malt, including ale). Some 30% of all tariff lines are unbound, which could impart some degree of unpredictability to traders. A consumption tax (Goods and Services Tax) is levied on imported and domestically supplied goods at a rate of 7%. Excise duties are levied on local and imported alcohol beverages, tobacco and tobacco products, motor vehicles and motor fuels; the duties on tobacco products and motor fuels increased during the review period. Import prohibitions and import

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licensing requirements (mostly non-automatic) are applied mainly for health, safety, security, and environmental purposes, or to comply with international agreements. The overall framework for import controls remained fundamentally unaltered.

16. There were no changes to Singapore's legal framework governing the application of anti-dumping and countervailing measures during the review period, and no such measures are currently in force. Singapore does not have legislation on safeguards.

17. Export controls are maintained on a number of products on security, safety, health, and environmental grounds, or to fulfil international commitments. There are no taxes or charges on exports. To overcome the limited size of its domestic market, Singapore supports locally based companies to expand in overseas markets through export promotion and marketing assistance activities, financial support, and tax incentives. For example, under the Global Trader Programme, companies benefit from a reduced corporate tax rate on qualifying income from international trading activities for three to five years.

18. Numerous tax and non-tax incentives are provided to assist Singapore-based companies. Generally, incentives are aimed to encourage companies to expand production and investment, adopt new technologies and invest in R&D and training, or to support SMEs and start-ups. Some incentives are targeted to specific industries or activities, such as financial services, tourism, shipping and maritime services, and headquarters activities. Most of the incentive schemes reported at the time of the last Review remain in place; a few new incentives have been introduced, such as the Intellectual Property Development Incentive, announced in 2017 to encourage the use of IP arising from R&D. The authorities conduct regular reviews of the incentive programmes. However, information on budgetary outlays or on the economic costs (revenue forgone) related to incentives is not publicly available. Singapore has notified the WTO that it does not maintain any subsidy notifiable under the Agreement on Subsidies and Countervailing Measures.

19. In 2018, Enterprise Singapore became the national standardization and accreditation body, replacing SPRING Singapore; otherwise, the regime concerning technical barriers to trade (TBT) remained basically unchanged during the review period. Since 2016, Singapore has concluded 13 new mutual recognition agreements with trading partners. Changes to the institutional framework of the regime on sanitary and phytosanitary measures (SPS) were introduced in 2019: the Singapore Food Agency was established to deal with food safety matters, while the administration of animal and plant health issues was placed under the National Parks Board. Relevant laws have been amended to reflect said institutional changes. Apart from these, the SPS regulatory framework remains fundamentally unchanged. Singapore regularly submits notifications to the TBT and SPS Committees. No specific trade concerns were raised in either committee regarding measures notified by Singapore during the review period.

20. Some changes were made to the competition legislation and guidelines, mainly to enhance the enforcement powers of the competition authority and increase the transparency and clarity of the regime. Moreover, in 2018 the competition authority was given the additional responsibility of administering the consumer protection legislation and was renamed the Competition and Consumer Commission of Singapore (CCCS). During the review period, the CCCS actively pursued its enforcement activities, issuing several infringement decisions against anti-competitive practices involving industries such as manufacturing, transport, and food distribution.

21. Singapore's state-owned enterprises (also referred to as government-linked corporations (GLCs)) continue to play a major role in the economy. GLCs operate in a range of sectors and are managed on a commercial basis by Temasek, the Government's holding company. The authorities indicate that Temasek does not receive subsidies or special treatment from the Government. Singapore has notified the WTO that it does not maintain any state trading enterprises.

22. Singapore is a party to the revised WTO Agreement on Government Procurement. No changes have been made to the legal framework on government procurement since the last Review. There are no preferences or set-asides accorded to domestic suppliers. Challenges regarding government procurement decisions are handled by the Government Procurement Adjudication Tribunal; there were no cases initiated during the review period.

23. The IP regime of Singapore is said to offer some of the strongest IP protection in the world, reflecting Singapore's belief that intangibles such as IP will increasingly propel its growth. During the review period, Singapore amended or promulgated new patent, industrial design, trademark, geographical indication, copyright, border enforcement, and dispute resolution laws and regulations to update its IP regime, fulfil international commitments, facilitate IP enforcement, and position Singapore as a venue for alternative dispute resolution. A number of initiatives were also implemented to promote innovation and commercialization of the resulting IP.

24. The economic significance of the agricultural sector in Singapore is minimal, although there is a sizeable food and beverage processing industry. Singapore does not have any mineral, oil, or gas extractive industries, although it is a major regional hub for oil refining.

25. While Singapore's total energy supply grew during the period under review, its CO<sub>2</sub> emissions started to decline in absolute terms as at 2017. Singapore revised its energy efficiency legislation and standards in 2017 and introduced a tax on greenhouse gas emissions in 2019. Both the industrial and the consumer electricity markets are fully liberalized and unbundled; during the review period, the retail electricity market was liberalized. Foreign investment is allowed in energy sector.

26. Manufacturing is a major pillar of the economy. Its share in GDP increased from 18% in 2015 to 21.5% in 2020, with an annual average growth rate of 4.6% during the same period. Despite the COVID-19 pandemic, some subsectors like biomedical, electronics, and precision engineering performed well in 2020. Singapore aims to capitalize on its competitive advantages of legal certainty, IP protection, policy consistency and coherence, and highly skilled and educated workforce to overcome its size constraints in land and labour. To that effect, the Government has developed an overall strategy, including Industry Transformation Maps for several industrial sectors, which lay out quantified objectives, require new technologies and skilling schemes to be deployed, set cooperation frameworks among relevant stakeholders, and provide targeted incentives.

27. The services sector is the backbone of Singapore's economy, accounting for 70% of GDP. In particular, financial services contribute 14.5% to GDP, one of the highest ratios in the world. The sector is well developed, highly internationalized, and growing, and it benefits from an Industry Transformation Map. Singapore is one of the main financial services centres for banking, insurance, securities, and wealth management in Asia. During the review period, Singapore's trade balance in financial and insurance services was positive and growing. Over the same period, Singapore improved its prudential and Anti-Money Laundering and Countering the Financing of Terrorism frameworks for all subsectors, simplified its banking licensing regime, and created a legal framework and development scheme for fintech and e-payment systems.

28. The telecommunications sector is fully liberalized and benefits from the latest technologies (e.g. 5G and fibre-to-home networks). However, the COVID-19 pandemic led to a decline in operators' revenue. Singapore is a major Internet connection hub for regional and international undersea fibre optic cables. The planned development of the sector focuses on artificial intelligence and data analytics, cybersecurity, immersive media, and the Internet of Things.

29. Singapore is a major air transport hub. The sector was adversely affected by the COVID-19 pandemic, with air passenger traffic declining by 82.8% in 2020. To ensure the survival of the four domestic airlines (including one foreign owned), the Government contributed SGD 1.4 billion to support the industry. The completion of a new air terminal was delayed by two years. The liberal policies on establishment and on bilateral market access remained unchanged.

30. Singapore is also a global and regional maritime transport hub. It has one of the highest concentrations of international shipping groups and a comprehensive range of maritime services (e.g. shipbroking, ship management, insurance services, and legal services). Nearly all traffic indicators grew between 2015 and 2019 but saw a marginal decline in 2020 due to the COVID-19 pandemic. The Port of Singapore remained open for operations throughout the pandemic. Both the Singaporean-owned fleet and the Singaporean-flagged fleet grew during the review period. Several foreign shipping lines concluded joint venture agreements with the Port of Singapore Authority during the same period, while the regulatory regime of the maritime sector remained largely unchanged both for market access and competition issues.