

SINGAPORE

TRADE SUMMARY

The U.S. goods trade surplus with Singapore was \$6.6 billion in 2009, a decrease of \$5.3 billion from 2008. U.S. goods exports in 2009 were \$22.3 billion, down 20.0 percent from the previous year. Corresponding U.S. imports from Singapore were \$15.7 billion, down 1.4 percent. Singapore is currently the 11th largest export market for U.S. goods.

U.S. exports of private commercial services (*i.e.*, excluding military and government) to Singapore were \$9.0 billion in 2008 (latest data available), and U.S. imports were \$4.2 billion. Sales of services in Singapore by majority U.S.-owned affiliates were \$31.4 billion in 2007 (latest data available), while sales of services in the United States by majority Singapore-owned firms were \$2.9 billion.

The stock of U.S. foreign direct investment (FDI) in Singapore was \$106.5 billion in 2008 (latest data available), up from \$94.8 billion in 2007. U.S. FDI in Singapore is concentrated largely in the nonbank holding companies and the manufacturing sectors.

FREE TRADE AGREEMENT

The United States and Singapore signed a Free Trade Agreement (FTA) on May 6, 2003, which entered into force on January 1, 2004. Since 2003, exports from the United States through 2009 increased 34.5 percent, with steady growth in exports of medical devices, machinery, and construction equipment. The United States and Singapore meet annually to review the implementation of the FTA and to seek to resolve outstanding trade issues.

In December 2009, the United States announced its intention to enter into negotiations on a regional Asia-Pacific trade agreement called the Trans-Pacific Partnership (TPP), with the objective of shaping a high-standard, broad-based regional agreement. This agreement will create a potential platform for economic integration across the Asia-Pacific region, a means to advance U.S. economic interests with the fastest-growing economies in the world, and a tool to expand U.S. exports, which are critical to U.S. economic recovery and the creation and retention of high-paying, high quality jobs in the United States. The TPP negotiating partners currently include Australia, Brunei Darussalam, Chile, New Zealand, Peru, Singapore, and Vietnam.

IMPORT POLICIES

Import Licenses/Internal Taxes

Singapore maintains a tiered motorcycle operator licensing system based on engine displacement, which, along with a road tax based on engine size, places U.S. exports of large motorcycles at a competitive disadvantage. The import and sale of chewing gum is restricted in Singapore.

For social and/or environmental reasons, Singapore levies high excise taxes on distilled spirits and wine, tobacco products, and motor vehicles.

INTELLECTUAL PROPERTY RIGHTS (IPR) PROTECTION

In connection with its FTA commitments and obligations under international treaties and conventions, Singapore has developed a generally strong IPR regime. Nevertheless, the United States continues to

have concerns regarding the government's efforts to enforce IPR. These include: the continued transshipment of infringing goods through Singapore, insufficient deterrent penalties for end-user piracy, and the lack of meaningful enforcement against online infringers.

SERVICES BARRIERS

Basic Telecommunications

Facilities-based operators continue to be limited in their ability to take advantage of wholesale pricing for local provider SingTel's "last mile" local leased circuits. When completed in 2012, Singapore's next generation national broadband fiber network should allow fuller, more reasonable priced network access to provide telecommunication services to homes and businesses, bypassing the bottleneck of SingTel-owned circuits.

Audiovisual and Media Services

Singapore restricts the use of satellite dishes and has not authorized direct-to-home satellite television services. Singapore's Media Development Authority (MDA) must license the installation and operation of broadcast receiving equipment, including satellite dishes. Satellite broadcasters that want to operate their own uplink facility must get a special license from MDA. Satellite broadcasters lacking their own facility are restricted to using one of four available uplink facilities.

Distribution, importation, or possession of any "offshore" or foreign newspaper must be approved by the government. Singapore has curtailed or banned the circulation of some foreign publications and limited their circulation when it perceives defamation of the Singapore government in the publication.

Legal Services

U.S. and other foreign law firms with offices in Singapore cannot practice Singapore law, employ Singapore lawyers to practice Singapore law, or litigate in local courts, unless specifically approved to do so. In December 2008, Singapore granted "qualifying foreign law practice" (QFLP) licenses to six foreign law firms to practice Singapore law, but Singapore lawyers in a QFLP law firm cannot be full partners or share in worldwide profits with other partners in the firm.

Banking

Singapore maintains legal distinctions between offshore and domestic banking units and the type of license held (full, wholesale, or offshore). Except in retail banking, Singapore laws do not distinguish operationally between foreign and domestic banks. Wholesale banks can operate in only one location, unless the Monetary Authority of Singapore approves an additional location.

Foreign banks and other financial institutions that issue credit cards in Singapore are unable to provide ATM services through local networks for holders of those cards. Foreign banks can only provide ATM services to locally-issued credit card holders through their own network or through a foreign bank's shared ATM network. Foreign banks do not face the same restrictions for credit cards that they issue outside Singapore.

The Minister of Finance must provide specific types of approval for acquisitions of the voting shares of a local bank. Although it has lifted the formal ceilings on foreign ownership of local banks and finance companies, the Singapore government has indicated that it will not allow a foreign takeover of its three major local financial institutions. While foreign participation in the Singapore banking system is

comparatively high, with foreign banks holding about 40 percent of nonbank deposits, the Singaporean government has stated publicly that it wants local banks' share of total resident deposits to remain above 50 percent.

Energy

Singapore completed efforts to liberalize its gas market with the amendment of the Gas Act and implementation of a Gas Network Code in 2008, which was designed to give gas retailers and importers direct access to the onshore gas pipeline infrastructure. However, key parts of the local gas market, such as gas retailing and access to offshore gas pipelines, remain controlled by incumbent Singaporean firms. In the past, the dominance of Singaporean government-linked corporations in this sector proved very challenging for American companies that tried to enter the power generation and gas import business. To date, there is little indication that the gas market has substantially opened up to non-Singaporean firms.

Education Services

Singapore passed the Private Education Bill on September 14, 2009, which included new registration criteria for education service providers. Education service providers have raised concerns regarding the lack of transparency about how the criteria are applied. The Ministry of Education (MOE) has rejected the applications of at least two foreign universities interested in providing university-level classes in Singapore, effectively barring their participation in the market. Although the MOE has provided a list of the criteria on which the applications are judged, it has not explained the specific reasons for denying these registrations, how it weights the criteria or reaches decisions on whether to approve or reject applications, or what steps the education service providers could take to satisfy the new requirements for future applications to be approved. The United States will continue to work with Singapore in an effort to resolve these concerns.

OTHER BARRIERS

Competition

Singapore has an extensive network of government-linked corporations that are active in many sectors of the economy. Some sectors, notably telecommunications, media, and financial services, are subject to sector-specific regulatory bodies and competition regulations typically less rigorous than those being implemented under the Competition Act. The United States will continue to monitor Singapore's implementation of its commitments on competition under the FTA.