

Because Singapore is one of the world's most trade-oriented countries, it is also highly sensitive to changes in the international economic environment. With the softening of the U.S. economy, Singapore's exports to the U.S. have decreased. To compensate, however, exports to Asian markets have grown. Singapore's corporations are now attempting to diversify their export markets and they are paying a lot of attention to Japan and Western Europe. Meanwhile, Singapore's exports to Canada have moved from resource-based goods to electronics and manufacturing.

### **Industrial Structure**

Singapore's economy is marked by complete economic freedom of ownership, capital movements, and trade. In order to promote growth, the government actively sought investment from the world's developed economies. Foreign investors were encouraged to establish in Singapore, using the country as a platform from which to do business within the entire region. Today, there are about 5,000 foreign companies active in Singapore, and they account for approximately 70% of its domestic exports.

Initially, the government of Singapore was also active in every sector of the economy. It still owns about 450 companies in key industries such as shipbuilding and petrochemicals. These state-owned firms employ about 58,000 out of a labour force of just over a million, though the government has recently begun to move toward greater privatization.

The remainder of the economy consists of 70,000 mostly small and medium-sized businesses. As yet, Singapore has no indigenous multinationals or general trading companies, though the government is encouraging Singaporean firms to expand abroad.

### **A Shift to Advanced Technology**

Initially, Singapore concentrated on labour-intensive manufacturing in sectors such as textiles. Recently, however, computer components and other electronics have become the most important focus for manufacturing. Singapore's ability to develop technology-intensive industries is being promoted by the government which has assumed a significant role in R&D activities. At the same time, many international technology-based firms are locating in Singapore to assemble electronic products and to perform R&D.

### **The Economic Development Board**

Singapore's Economic Development Board is a semi-autonomous body that plans and implements industrial policy. Acting as the main instrument of the government's industrial policy, it provides incentives to investors, and assists them in obtaining land, factory space, financing, and skilled manpower. It has been used to promote and develop the manufacturing sectors and recently the Economic Development Board has focused its attention on a wide variety of skill- and knowledge-intensive areas such as:

- biotechnology
- automation in manufacturing
- avionics and aero-engine components
- medical services, health care and pharmaceutical industries
- leisure and exhibition services
- agrotechnology
- information technologies and integrated circuit design
- electronic systems in automobiles
- advanced plastics fabrication
- petrochemical products and specialty chemicals
- training of R&D personnel
- training in tool and die making.