

an estimated 9.7% in 1981, 10% in 1980 and 9.3% in 1979. The world economic recession resulted in a downturn in the economy in 1982. GDP growth will be less than 5% in 1982, the lowest it has been since 1976.

Singapore is acutely aware that it cannot assure its position as a manufacturing centre in Asia if it relies solely on geography and low wages. Consequently, since the issuance of a government directive in mid-1979 ordering a significant increase in wages, labour-intensive industries and low value-added manufacturing facilities have been encouraged to leave the country. In accordance with the government's policy, emphasis has been placed on the continued upgrading of employees' skills, higher productivity, the use of labour-saving devices, and incentives to attract capital-intensive, high value-added industries. This approach is being accentuated as a result of Singapore's slowing economy. Foreign investment is an important element in Singapore's manufacturing industry. New foreign investment commitments were up by 13 per cent in the first six months of 1982 to \$352 million (US).

Foreign Policy

Singapore's foreign policy is often described as pragmatic. In essence, this means that Singapore's perception of issues is based primarily on the assessment of their relevance to the economic development of Singapore. As the smallest member of ASEAN, Singapore has much to gain from the continued strengthening of ASEAN mechanisms to deal with international and political developments. As a nation which depends extensively on international commercial and trading relationships, issues such as protectionism, commodity prices, the availability of investment funds, and oil prices are all of crucial interest to Singapore. In the same context, political developments which impede or affect the flow of goods and services are of great concern.

In both economic and political terms, Singapore has assumed an importance which belies its size. In international organizations, such as the UN, the IMF or GATT, Singapore has established a reputation for the reasonableness and moderation it has brought to bear on positions adopted by developing country groups, for example, with respect to issues arising within the North/South Dialogue. It is often the most forceful and articulate spokesman for ASEAN.

Canada-Singapore Relations

Canada enjoys sound relations with Singapore as a result of the Commonwealth bond, a similar outlook on inter-