

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 is now being 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.

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, topics 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 the flow of goods and services are of great concern.

Both in 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.

Canadian Relations

Canada enjoys sound relations with Singapore as a result of the Commonwealth bond, a similar outlook on international problems and Canada's support of ASEAN and its members. Contacts are enhanced by various facilitative agreements on investment and double taxation, by EDC financing arrangements, and by Singapore's excellent investment climate. It is also a vantage point for the government and private sector in pursuing business opportunities in and gleaning information about Southeast Asia.

In line with its general foreign policy concerns, Singapore welcomes Canadian support for ASEAN and often encourages Canada to play a moderating role in international