

Singapore

I. Economic Structure

A Regional Economic Leader

Singapore is an independent city state covering about 626 square kilometres of territory and consisting of the island of Singapore and 54 adjacent islands. Approximately 76% of its population is of Chinese descent with the remainder largely made up of Malays and East Indians. With no natural resources, Singapore has based its prosperity on an industrious, educated, and productive labour force and a strategic geographic location.

Economic success, coupled with concerted efforts by the government, has given Singapore an excellent infrastructure. Its port is the busiest in world, handling 34,000 ships in 1988. A pioneer in the use of paperless customs procedures, Singapore attracts businesses interested in quick turnaround of their shipping. Singapore airport is one of world's best and certainly the best in Southeast Asia. Recently expanded and upgraded, it now has an annual capacity of 20 million passengers. Singapore also enjoys sophisticated telecommunications facilities and a developed financial infrastructure and it is recognized as an international business centre for commercial services, engineering support, and medical care.

Economic Achievements

After achieving independence in 1965, Singapore embarked on a policy of rapid industrialization. The strategy of import substitution had limited application, however, because of the city's small domestic market. Instead, it concentrated on manufacturing for export. The government also focused on developing the entrepot activities of trading, processing, storing, bank-

ing, insurance, repackaging, marketing, transportation, and communications.

As a result, Singapore has one of the fastest growing economies in the world. Growth has been especially strong after 1985, ranging between 7 and 10% a year. This expansion has been accompanied by relative price stability and one of the highest savings rates in the world. The only significant economic problem is a labour shortage which is the inevitable result of rapid growth.

Manufacturing constitutes about 26% of Singapore's GDP and employs about 45% of its workforce. The major focus is on electrical and electronics products, petroleum products, chemicals, food and beverages, fabricated metal products, transport equipment, textiles and garments. Interestingly, the average wage in Singapore's manufacturing sector is higher than in any other developing country, but it is the lowest of all occupational groups in Singapore, even lower than in agriculture and fishing.

The Most Open Trading Nation in the World

Singapore's economic success has been based on importing components or materials, assembling or processing them, and then exporting them to foreign markets. Approximately 35% of the goods exported from Singapore are re-exports, and most of the goods imported into the city are similarly destined for re-export. In 1988, Singapore's total trade (exports plus imports) amounted to \$103.3 billion, more than three times its GDP of \$28.3 billion.