

Singapore has developed many tax incentives to attract both foreign and local investment. Currently, there is no differentiation made between foreign and local investment capital. These incentives include various tax breaks and cover such aspects as pioneer status, expansion incentives, investment allowances, research and development expenses and international consultancy services.

As well, the Economic Development Board of Singapore has made available a range of economic development assistance schemes. These schemes are designed to provide financial assistance for small - medium sized companies and joint venture enterprises. In order to be eligible for this type of assistance, a joint venture must be at least 30% locally-owned with less than 50 employees and assets of less than \$8 million.

Canada-Singapore Commercial Relations

Trade is by far the most important feature of the Canada-Singapore relationship. Trade between Canada and Singapore is carried out under the GATT. In terms of exports to Canada, Singapore is a beneficiary of Canada's General Preferential Tariff and British Preferential Tariff. As well, two agreements are in place between Singapore and Canada which facilitate business relations. These are an exchange of notes to promote and protect Canadian investment in Singapore, and an agreement to avoid double taxation.

Trade between Canada and Singapore has more than doubled between 1985 and 1988. Two-way trade reached \$742.1 million in 1988, an impressive 60% increase over the 1987 level. In 1989, the value of trade increased only slightly to \$746 million. However, Singapore exports to Canada have increased more rapidly than Canadian exports to Singapore and have contributed to a rising trade deficit for Canada, currently in the order of \$259 million. Canadian exports to Singapore decreased by over 11% to \$243.5 million in 1989, while imports into Canada from Singapore reached \$502.4 million.

Although two-way trade has been growing at a rapid rate, Canada and Singapore are not significant players in each other's market. Canada's share of Singapore imports is only 0.5% of the total while its share of total Singapore exports is slightly higher at 0.9%. Canadian investment in Singapore has been very modest, representing only a small portion of the net inflow of foreign investment in Singapore.

Canada's exports, which consisted in large part of primary products in the early 1980's, have grown in sophistication over the last decade and are now more equally distributed among the primary and manufacturing sectors. The composition of Singapore's imports into Canada has also changed dramatically over the last decade with telecommunications, electric and electronic equipment/products now representing over 75% of the total. This compares with less than 32% in 1980. These products have replaced the more traditional export of rubber, textiles and other miscellaneous manufactured goods.

Currently, Canadian economic and commercial relations with Singapore are strengthened by the active Canadian community in Singapore. The provincial governments of B.C., Ontario and Quebec each maintain active trade offices. In addition, over seventy Canadian companies and associations have offices in Singapore, including the five major