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Canada-Singapore Commercial Relations

Singapore's success on the international trade scene builds on its traditional role as an entrepôt for the region and growing importance as a strategic communications, transportation and manufacturing centre. The significance of trade to Singapore's economic well-being is evident from the fact that its total trade exceeds the GDP by a factor of three. Re-exports alone account for over one-third of total trade.

3.1 Singapore's Global Trade

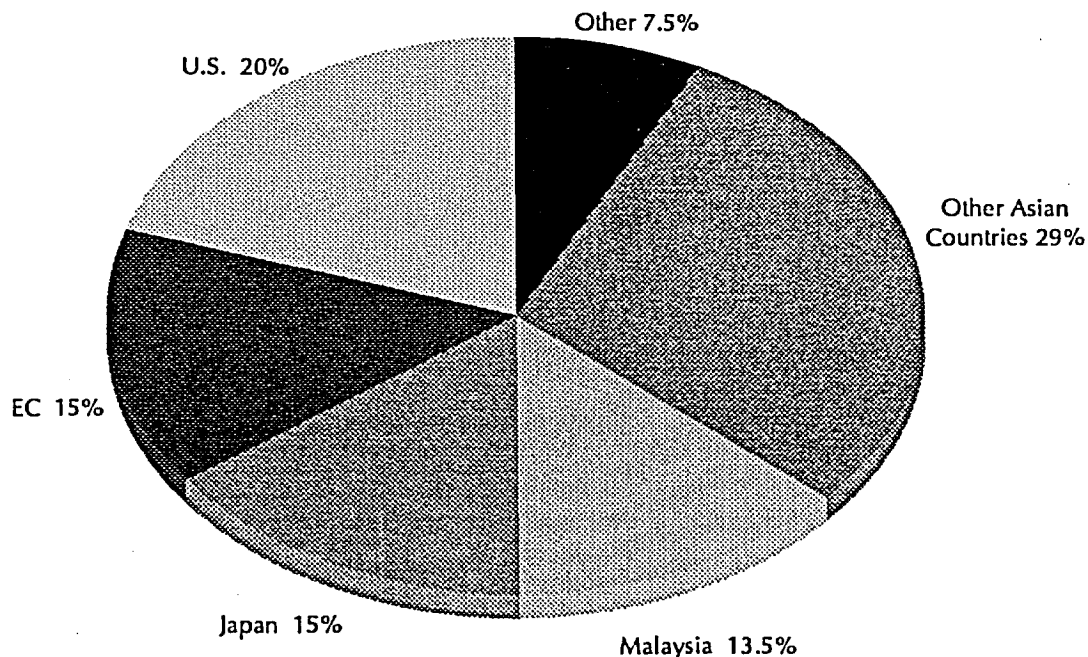
Singapore's international trade reached \$110.6 billion in 1989, an 8 per cent increase compared to 30 per cent in 1988. The slowdown occurred in both exports and imports. The country's overall trade deficit reached approximately \$6.1 billion, mainly because of Japan's importance as an import source. The U.S. is Singapore's most important trading partner, accounting for over 20 per cent of its global trade in 1989. Japan and Malaysia rank closely as second and third with 15 and 13.5 per cent of Singapore's global trade respectively.

Japan is now the largest source of imports for Singapore with over 21 per cent of the total, followed by the U.S. and Malaysia. These three countries account for over 50 per cent of the total imports to Singapore. Singapore's leading export market is the U.S. which accounts for almost one-quarter of its total exports. Singapore, incidentally, runs a sizeable trade surplus with the U.S. (in the order of \$2 billion). Malaysia, Japan, Hong Kong and Thailand account for another 34 per cent of Singapore's total exports in 1988.

Machinery and transport equipment is by far Singapore's largest export product, accounting for 49 per cent of the total in 1989. Mineral fuels (15.4 per cent) and manufactured goods (8 per cent) rank a distant second and third respectively. These same products also represent Singapore's main imports, with over 72 per cent of the total in 1989 and underline the importance of Singapore as an entrepôt.

The U.S. and Japan are by far the largest foreign investors in Singapore. Foreign investment accounts for 83 per cent of all investment in

Figure 1 Singapore's Major Trading Partners



Source: Trade Development Board, Singapore