Foreign capital has continued to be a key factor in the development of Singapore as a major international financial, commercial, and trade centre. ***Since 1981, the Japan Bond Research Institute has assigned a "no risk" status to Singapore as a location for foreign investment.*** The Singapore Government policies have helped maintain investor confidence in the country's economic prospects, and have resulted in large capital inflows from foreign investors. The United States (38 percent), Japan (22 percent) and the European Community (16 percent) are by far the largest contributors of the approximately US$4 billion invested by foreigners in Singapore. In 1993, 81 percent of investment was foreign, and foreign multi-nationals accounted for more than 2/3 of the country's manufacturing sector. The government is also actively encouraging foreign investment abroad, through a policy of "Regionalization" as a means of acquiring foreign technology, expanding export markets, and creating a pool of Singapore-owned and controlled multi-national corporations.

With a per capita income of more than $22,000, Singapore's standard of living is higher than that of many European countries and, next to Japan, the highest in Asia. Currently, Singapore enjoys the 17th highest per capita GDP in the world. The government's Strategic Economic Plan (SEP) has set as its goal the achievement of G7 standard of living by the early 2000s. Singapore also has the highest rate of savings in the world at about 45 percent.

Singapore recognizes that it cannot achieve continuing competitiveness and its desired long-term growth rate of 5 to 6 percent if it relies solely on geography, current technologies, and job skills. Emphasis has been placed on the continuous upgrading of skills, higher productivity, the use of labour-saving technology, and incentives to attract capital-intensive, high value-added industries.

On April 1, 1994, the Singapore Government introduced a 3 per cent goods and services tax.

SINGAPORE'S GLOBAL TRADE

Singapore's success on the international trade scene builds on its traditional role as an entrepot for the region and its growing importance as a strategic communications, transportation and manufacturing centre. Singapore, with its tight labour supply and lack of natural resources, has encouraged companies to establish their management centres and value-added activities there, while labour and resource intensive manufacturing take place in nearby Malaysia or Indonesia. ***As of 1991, re-exports accounted for 35 percent of the country's total trade; Singapore is the world's 17 largest exporter and 15th largest importer.*** Its importance as an entrepot and a centre for value-added products is shown by the fact that its 1993 total trade was 3.6 times greater than its GDP, and that its principal exports and imports are in the same product categories.