

SINGAPORE

TRADE SUMMARY

The U.S. goods trade surplus with Singapore was \$12.9 billion in 2008, an increase of \$5.0 billion from \$7.9 billion in 2007. U.S. goods exports in 2008 were \$28.8 billion, up 9.6 percent from the previous year. Corresponding U.S. imports from Singapore were \$15.9 billion, down 13.6 percent. Singapore is currently the 12th largest export market for U.S. goods.

U.S. exports of private commercial services (*i.e.*, excluding military and government) to Singapore were \$7.2 billion in 2007 (latest data available), and U.S. imports were \$3.9 billion. Sales of services in Singapore by majority U.S.-owned affiliates were \$19.3 billion in 2006 (latest data available), while sales of services in the United States by majority Singapore-owned firms were \$2.5 billion.

The stock of U.S. foreign direct investment (FDI) in Singapore was \$82.6 billion in 2007 (latest data available), up from \$78.4 billion in 2006. U.S. FDI in Singapore is concentrated largely in the nonbank holding companies and manufacturing sectors.

FREE TRADE AGREEMENT

The United States and Singapore signed a Free Trade Agreement (FTA) on May 6, 2003, which entered into force on January 1, 2004. Since 2004, exports from the United States through 2008 increased 73 percent, with steady growth in exports of medical devices, machinery, and construction equipment. The United States and Singapore meet annually to review the implementation of the FTA and to seek to resolve outstanding trade issues.

In September 2008, the United States announced its intention to begin negotiations to join the Trans-Pacific Strategic Economic Partnership agreement, a high-standard FTA between Singapore, Chile, New Zealand, and Brunei Darussalam, intended to serve as a vehicle for Trans-Pacific economic integration. Shortly after the U.S. decision to join the negotiations, Australia, Peru, and Vietnam indicated their interest in participating as well.

IMPORT POLICIES

Tariffs

For social and/or environmental reasons, Singapore levies high excise taxes, applicable to distilled spirits and wine, tobacco products, motor vehicles (all of which are imported), and gasoline.

Import Licenses

Singapore maintains a tiered motorcycle operator licensing system based on engine displacement, which, along with a road tax based on engine size, places U.S. exports of large motorcycles at a competitive disadvantage. The sale of chewing gum is restricted in Singapore.

FOREIGN TRADE BARRIERS

STANDARDS, TESTING, LABELING, AND CERTIFICATION

Agriculture

Singapore's Agri-Food and Veterinary Authority (AVA) enforces a zero tolerance policy for salmonella enteritidis in eggs and escherichia coli E. 0157 in raw meat products, which is not based on science and has posed some difficulties for U.S. exporters.

Singapore bans imports of U.S. bone-in beef from animals under 30 months of age, and offals and variety meats and all beef and beef products derived from animals 30 months of age or older based on BSE concerns. Current World Organization for Animal Health (OIE) guidelines for BSE provide for conditions under which all beef and beef products from countries of any risk classification for BSE can be safely traded when the appropriate specified risk materials are removed. The United States was officially categorized by the OIE as "controlled risk" for BSE in 2007. The United States continues to press Singapore to make science-based decisions based OIE guidelines, which allow for the full range of beef and beef products from animals of any age.

Medical Devices

In November 2007, Singapore issued implementing regulations for medical devices under the 2007 Health Products Act, which will require that all manufacturers, importers, and wholesalers of medical devices be licensed by October 1, 2009, after which unregistered medical devices will be prohibited from sale in Singapore. The United States is reviewing these measures.

INTELLECTUAL PROPERTY RIGHTS (IPR) PROTECTION

In line with its FTA commitments and obligations under international treaties and conventions, Singapore has developed one of the strongest IPR regimes in Asia. Still, the United States has concerns in certain areas, which it will continue to discuss with Singapore.

Transshipment

Despite changes to its laws to implement FTA commitments, the United States continues to have concerns about transshipment of infringing goods through Singapore. As a major transshipment and transit point for sea and air cargo, Singapore does not mandate reporting of critical shipping information for transshipment and transit trade, which accounts for 80 percent of the cargo coming through the port. The lack of timely information makes enforcement against transshipped or transit trade in infringing products extremely difficult. In addition, goods in transit are not generally subject to seizures, although seizures may be possible if a search warrant is obtained in advance.

Internet Piracy

In accordance with the FTA, Singapore's amended Copyright Act and regulations provides improved protection for digital works, but the copyright industry maintains that the law fails to impose full liability on service providers engaged in infringing activity. In December 2008, Singapore implemented an amendment to the Copyright Act, which if implemented would address FTA obligations requiring remuneration to performers and producers of phonograms for "simulcast" performances over the Internet. U.S. industry also reports that Internet piracy in Singapore is on the rise, and the United States will continue to work with Singapore to address these concerns.

FOREIGN TRADE BARRIERS

Enforcement

Rights holders have raised several specific IPR-related concerns. U.S. industry has expressed concerns that violations of Singapore's optical disc law are not prosecuted vigorously and deterrent sentences are not imposed. It has also sought greater cooperation from the Singapore government with rights holders to provide access to the evidence necessary to support possible civil actions. The industry also reports that it has sometimes encountered difficulties when attempting to prosecute IPR cases based on tips provided by company insiders because of the lack of "whistleblower" protection. In addition, concerns have been raised about unlawful duplication of textbooks at some commercial copy centers.

SERVICES BARRIERS

Basic Telecommunications

Facilities-based operators continue to be limited in their ability to take advantage of wholesale pricing for local provider SingTel's "last mile" local leased circuits. The Infocomm Development Authority of Singapore (IDA) first mandated this regulatory change in December 2003, but SingTel has repeatedly contested this directive, typically through requests for IDA to stay decisions or through appeals to the Minister for Information, Communications and the Arts (MICA). Although SingTel must now offer wholesale prices for local leased circuits at reduced rates ranging from 55 percent to 82 percent, the competitive benefits of this policy are severely constrained due to certain uneconomical technical interconnection requirements imposed by SingTel.

The United States also remains concerned about the lack of transparency in some aspects of Singapore's telecommunications regulatory and rulemaking process. U.S. companies continue to report concerns about a lack of access to infrastructure facilities controlled by SingTel, such as ducts under roads that could facilitate the laying of land lines for competing networks.

In June 2006, SingTel announced its plans to consolidate its local exchanges, but failed to provide details of specific local exchanges to be closed. An 18 month notice on local exchange closures is now required. This has put U.S. and other carriers' expansion plans on hold. SingTel, backed by IDA has denied requests by U.S. and other companies for interconnection at a more centralized location, a request competitors sought in order to obviate the risk of building out an exchange that SingTel may subsequently decide to close. When completed, Singapore's next generation access network, a national broadband network, may allow fuller access to provide telecommunication services to homes and businesses without requiring access to SingTel-owned circuits.

Audiovisual and Media Services

Singapore restricts the use of satellite dishes and has not authorized direct-to-home satellite television services. MDA must license the installation and operation of broadcast-receiving equipment, including satellite dishes. Satellite broadcasters that want to operate their own uplink facility must get a special license from MDA. Satellite broadcasters lacking their own facility are restricted to using one of four available uplink facilities.

Distribution, importation, or possession of any "offshore" or foreign newspaper must be approved by the government. Singapore has curtailed or banned the circulation of some foreign publications and limited their circulation when it perceives defamation.

FOREIGN TRADE BARRIERS

Legal Services

U.S. and other foreign law firms with offices in Singapore cannot practice Singapore law, employ Singapore lawyers to practice Singapore law, or litigate in local courts. Since 2004, U.S. and other foreign lawyers have been allowed to represent parties in arbitration in Singapore without the need for a Singapore attorney to be present. To address a perceived shortage of practicing lawyers, Singapore relaxed its criteria for admission of attorneys to the Singapore Bar over the past few years, although restrictions remain in certain areas including criminal law, family law, and domestic litigation.

Banking

Singapore maintains legal distinctions between offshore and domestic banking units and the type of license held (full, wholesale, or offshore). Except in retail banking, Singapore laws do not distinguish operationally between foreign and domestic banks. Wholesale banks can operate in only one location, unless the Monetary Authority of Singapore approves an additional location. Foreign banks and other financial institutions that issue credit cards in Singapore are unable to effectively provide ATM services through local networks for holders of those cards. Foreign banks can only provide ATM services to locally-issued credit card holders through their own network or through a foreign bank's shared ATM network. Foreign Banks do not face the same restrictions for credit cards that they issue outside Singapore.

The Minister of Finance must provide specific types of approval for acquisitions of the voting shares of a local bank. Although it has lifted the formal ceilings on foreign ownership of local banks and finance companies, the Singapore government has indicated that it will not allow a foreign takeover of its three major local financial institutions. While foreign penetration of the Singapore banking system is comparatively high, with foreign banks holding about 40 percent of nonbank deposits, the government has stated publicly that it wants local banks' share of total resident deposits to remain above 50 percent.

Energy

Singapore has attempted to liberalize its energy market, in part by opening access to its gas pipeline infrastructure. However, at least one U.S. company has encountered ongoing difficulties in its bid for market access due to lengthy delays in the review of its application by the Energy Market Authority. In addition, the onshore-restructuring of the transportation network is not expected to improve access to offshore gas pipelines. To date, no non-incumbent operators have been able to secure access to the Singapore section of the existing Sumatra-Singapore pipeline.

OTHER BARRIERS

Competition

Singapore has an extensive network of government-linked corporations that are active in many sectors of the economy. Some sectors, notably telecommunications, power generation/distribution, media, and financial services are subject to sector specific regulatory bodies and competition regulations typically less rigorous than those being implemented under the Competition Act. The U.S. Government will continue to monitor Singapore's implementation of its commitments on competition under the FTA.