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## TRADE POLICY REVIEW

SINGAPORE

### Minutes of Meeting

*Chairperson: H.E. Mrs. Puangrat Asavapisit (Thailand)*

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Note: Advance written questions by WTO Members and replies provided by the Government of Singapore are reproduced in document WT/TPR/M/130/Add.1 and will be available online at: [http://www.wto.org/english/tratop\\_e/tpr\\_e/tp\\_rep\\_e.htm](http://www.wto.org/english/tratop_e/tpr_e/tp_rep_e.htm).



## **I. INTRODUCTORY REMARKS BY THE CHAIRPERSON**

1. The fourth Trade Policy Review of Singapore was held on 14 and 16 June 2004. The Chairperson (H.E. Mrs. Puangrat Asavapisit) welcomed the delegation of Singapore, headed by Mr. Heng Swee Keat, Permanent Secretary, Ministry of Trade and Industry, and the discussant H.E. Mr. Eirik Glenne (Norway). As usual, the discussant would speak in his personal capacity and, in accordance with established procedures, he had made available in advance a broad outline of the themes he intended to raise (document WT/TPR/D/107).

2. The Chairperson recalled the purpose of the Trade Policy Reviews and the main elements of the procedures of the meeting. The Report by the Government of Singapore was contained in document WT/TPR/G/130 and that of the Secretariat in document WT/TPR/S/130. Copies of advance written questions, submitted by: Japan; Colombia; Canada; the United States; Argentina; Australia; Hong Kong, China; the European Community; Switzerland; New Zealand; the Separate Customs Territory of Taiwan, Penghu, Kinmen and Matsu ("Chinese Taipei"); Indonesia; Brazil; and Venezuela, had been transmitted to the delegation of Singapore. These questions and the replies provided by the delegation of Singapore are reproduced in WT/TPR/M/130/Add.1.

3. It had been clear from the Government and Secretariat reports that during the period under review, Singapore had committed to liberalize its economy, thereby maintaining its position as one of the most open economies in the world. Nonetheless, it faced several long-run challenges, including the apparent lack of growth recently in total factor productivity, a key indicator, together with more intense competition from low-cost regional producers. She was sure Members would be interested in learning about how Singapore was addressing these challenges.

4. During the period under review, Singapore's trade policy focus appeared to have shifted towards greater bilateralism and regionalism. More specifically, whereas at the time of the previous Review, Singapore had no bilateral free-trade agreements, since then it had signed several such agreements and was in the process of negotiating others.

5. Before handing the floor over to the delegation of Singapore for their opening remarks the Chairperson also reminded Members about two housekeeping matters. The first involved a request by the Commission of the West African Economic and Monetary Union (WAEMU) for ad hoc observer status at the TPR of Benin, Burkina Faso, and Mali, due to take place on 28 and 30 June 2004. The second was to advise Members that the periodic appraisal of the operation of the TPR Mechanism needed to be undertaken shortly; she proposed that the TPRB begin this soon and would be tabling a paper for its consideration.

## II. OPENING STATEMENT BY THE REPRESENTATIVE OF SINGAPORE

6. The representative of Singapore thanked the Chairperson for her introduction. He also thanked the discussant for agreeing to lead the discussion for this review and noted that, having previously served as the Norwegian Ambassador to Malaysia, he was no stranger to the region. He thanked the WTO Secretariat for its report (WT/TPR/S/130) which, along with Singapore's Government Statement (WT/TPR/G/130), provided a comprehensive review of Singapore's trade policies and practices.

7. The period since the last Trade Policy Review in 2000 had been tumultuous. The Singapore economy grew by 9.7% in 2000, fuelled by growth in IT spending and the dot-com boom. The bursting of the dot-com bubble in 2001, the general global economic slowdown and the systemic shock to the global airline industry from the 11 September attacks resulted in a recession. This set the stage for a difficult year in 2002. Nevertheless, the economy grew by 2.2%. The growth trajectory was interrupted in 2003 by the Iraq conflict and SARS, which affected regional tourism. Happily, the fourth quarter of 2003 saw renewed growth momentum which had carried into 2004. GDP growth was robust at 7.5% in the first quarter of 2004, marking the third successive quarter of growth. The Government expected GDP at 5.5%-7.5% and low inflation at 1.5%-2% in 2004.

8. These positive figures were in no small part due to Singapore's prudent macroeconomic policies and a firm commitment to open trade. Singapore was known as a stable, reliable and transparent place for business. In 2004, the IMD ranked it the world's most competitive economy for countries with a population below 20 million while the 2004 Index of Economic Freedom, called it the world's second freest economy. But figures and rankings told only part of the story. The global environment had changed fundamentally since 2000. Many policies and expectations built around the New Economy had been retested in light of economic realities. Start-ups now controlled their burn rate to demonstrate managerial competence; in the dot-com years, they had maximized their burn-rate to demonstrate their visionary potential. However, the central theme, that innovation and creativity were critical for long-term and sustainable growth, remained sound. The prospect of greater economic volatility also had to be taken into account, especially due to the threats posed by global terrorism, a key lesson of 11 September and 12 October.

9. Hence, the period under review had been for Singapore a time of reorientation to the global environment. To do this, it had thoroughly reviewed the policies needed to make it as resilient and adaptable in the future, as in the past. This was the key objective of the Economic Review Committee (ERC), formed in 2002, which completed its work in 2003. Most of its recommendations had been accepted and formed an integral part of Singapore's economic policy. Singapore's road ahead required responses to two challenges: to respond to accelerating globalization, and to mitigate the increased vulnerability of the economy, which was more closely intermeshed and linked to the world.

### First Challenge – Accelerating Globalization

10. Singapore envisaged an increased pace and depth of economic globalization. When it had adopted an export-oriented development strategy in the 1960s, it was one of the exceptions rather than the rule. Today, regardless of economic size, the conventional wisdom was that exports were an important part of any country's developmental strategy. Similarly, virtually no country today would contemplate an economic strategy that did not incorporate to some extent, the free market. Thus, what used to be a leisurely flying-geese formation, had become an intense race to stay ahead. Singapore's response had been to accelerate economic restructuring to remain competitive, and to ensure its integration with the rest of the world through deeper multilateral, regional, and bilateral links.

### **Accelerating the process of restructuring**

11. Human capital was an essential asset for any economy, especially for Singapore, which had no natural resources. Singapore's wage reform policy aimed to introduce wage flexibility and help companies respond to shorter business cycles and increased economic volatility. Through an effective tripartite system, the Government worked closely with employers and unions to implement a system where a larger portion of wages was variable and linked to individual and company performance. A Workforce Development Agency had been established to enhance the employability of the local workforce and the competitiveness of industries. The approach was to encourage workers to acquire new skills and to target assistance to the needy without undermining the incentive to work. This was especially vital, given Singapore's lack of natural resources except for the abilities of its workforce.

12. Entrepreneurship was essential in an innovation-driven economy. To reward enterprise, Singapore was gradually moving to an indirect tax system, with low direct taxes on companies and individuals. The public service would continue to promote a pro-business environment by actively soliciting business-related feedback on rules and regulations and cutting red tape. To make Singapore more conducive for business, the financial, telecommunications, and energy markets had been unilaterally liberalized. In line with longstanding policy to promote competition and the regulatory experience built up from liberalizing specific sectors, a generic competition law would be enacted. To ensure the right incentives for innovation, the protection of intellectual property rights (IPRs) was also being strengthened. Singapore would accede to the World Intellectual Property Organization (WIPO) Copyright Treaty and the WIPO Performances and Phonographs Treaty by the end of 2004, and to the International Union for the Protection of New Varieties of Plants (UPOV) by the end of June 2004.

13. These efforts were bearing fruit and enhancing Singapore's competitive strengths. In manufacturing, they supported efforts to encourage companies to upgrade capabilities and move towards higher-value-added activities, while taking advantage of opportunities to extract synergies with their investments in south-east Asia. By remaining open to foreign talent, despite difficult economic circumstances, Singapore had enabled research facilities like Biopolis (built in 2003) to thrive and contribute to the biomedical sciences industry. Biopolis provided space for biomedical R&D activities and a conducive environment for collaborative private and public research. It also catalysed international collaboration, such as with the U.S. (the Regional Emerging Disease Intervention Centre), the U.K.'s Imperial College, and Germany's Max Planck Institutes. These achievements showed the possibilities for mutually beneficial global cooperation in biomedical research. Singapore's open-door policy was also helping it to develop globally competitive sectors in healthcare, education, and creative industries. Growth in these sectors would create new opportunities in general services and new jobs for which the Workforce Development Agency could retrain workers.

### **Multiplying External Links**

14. With such an open economy, policy measures also sought to address the external dimension. Thus, Singapore was promoting greater multilateral, regional, and bilateral integration. A vigorous WTO that continued to promote global trade liberalization was an essential prerequisite for favourable growth. Therefore, the WTO and the DDA remained Singapore's top international trade priority. Singapore had been active in the negotiations on non-agricultural market access (NAMA), anti-dumping, trade facilitation, and services, tabling several papers and proposals. In services, Singapore had made an initial offer, which it was prepared to improve during the negotiations. While it had no significant agriculture sector, Singapore recognized that the negotiations in agriculture were a centrepiece of the DDA and had therefore tried to play a constructive and bridging role. Singapore's Trade Minister, George Yeo, had been the facilitator for agriculture at the last three Ministerial Conferences. In TRIPS, Singapore was one of the first WTO developing Members to declare that it would not avail itself of the paragraph 6 solution except in national emergencies or other circumstances of extreme urgency. Singapore would continue to play its part in ensuring the success

of the DDA and was committed to working towards a favourable outcome at the forthcoming General Council meeting in July. As July politically marked the end of the year for the negotiations, agreement on a good package before the summer break was essential to keep the DDA on track.

15. Singapore also supported greater regional economic integration. It participated actively as a member of the Association of South East Asian Nations (ASEAN), the Asia Pacific Economic Cooperation (APEC) forum, and the Asia Europe Meeting (ASEM). Of the three, ASEAN provided the deepest level of economic integration. Together with other ASEAN countries, Singapore was working towards an ASEAN Economic Community by 2020. APEC and ASEM also included clear trade and investment dimensions. They provided opportunities for members to deliberate on WTO issues, and feed these back to the Geneva process. For example, in the run up to Cancun, two ASEM consultations on the DDA were held where frank exchanges of views took place. At the recent APEC Meeting of Ministers Responsible for Trade held in Pucon, Chile, APEC Ministers issued a statement on the DDA negotiations, affirming support for efforts to move negotiations forward, and outlining elements of the package that could be adopted at the forthcoming General Council meeting in July.

16. Bilateral FTAs had been concluded with New Zealand, Japan, the European Free Trade Association, Australia, the United States, and Jordan, complementing regional integration efforts. The FTAs with Japan and the U.S. had been precursors to subsequent initiatives with ASEAN. By strengthening external linkages, Singapore hoped to create an external wing for its economy and encourage its companies to expand their activities. The Trade Development Board had been reorganized into International Enterprise Singapore, to help Singapore-based companies grow and internationalize successfully.

## **Second Challenge – Increased Vulnerability**

17. The second challenge was one of increased vulnerability due to increased economic linkages. As a node in global communications and commerce, Singapore was acutely aware of the systemic impact of any disruption to these flows. In recent years this had been amply demonstrated. September 11 and SARS both disrupted international air travel with consequences for global and regional tourism. After the terrorist attack on the French tanker, *Limburg*, off the coast of Yemen in October 2002, ships started to avoid Yemen, insurance firms raised premiums and imposed war insurance. With international trade in goods conducted largely by sea, the implications of a systemic disruption due to a terrorist strike were grave. Internally, Singapore had learnt a lot from the management of such incidents. National emergency management systems had been adapted, while coordination across ministries, agencies, and the industry had improved, enhancing the readiness to cope with new threats.

18. However, national solutions on their own would not be sufficient to mitigate the risks to global trade. For instance, the Singapore economy, like many others in the region, remained vulnerable to volatile oil prices. In this respect, Singapore recognized the importance of better regional and international cooperation. For example, Singapore and other countries recognized that a regional response to SARS was necessary to effectively deal with the problem and to restore confidence. Leaders from ASEAN, China, and the region met in Bangkok quickly to adopt effective responses. Similarly, APEC leaders had also endorsed measures to enhance trade security and minimize the threat of disruption to regional trade. Being at the crossroads of international commerce, Singapore was particularly conscious of this issue. Like many other economies, it was dependent on international sea lanes. It was therefore willing to work closely with its neighbours and all stakeholders, to minimize any threats to maritime traffic in the Straits of Malacca and Singapore.

19. As at self-governance, Singapore currently faced two key challenges. First, an economic one – the Singapore of 1959 had to respond to fundamental changes in the economic environment including restructuring the workforce to go beyond simply serving as a regional entrepot. Second, a geopolitical challenge – the Singapore of 1959 faced security threats from communists and racial

extremists. These challenges were eventually overcome, and in the process, Singapore grew as a nation and made economic, social, and political progress. Singapore's short history had imbued in its people and institutions, collective instincts on how to adapt to changing circumstances. It had also made Singaporeans acutely aware of how their fortunes were tied to global developments. It was these instincts that would now be harnessed in efforts to remain relevant in the years ahead.

### III. STATEMENT BY THE DISCUSSANT

20. The discussant said that his point of departure was one of lessons learned, and he had therefore looked for developments of potential interest to Members. His comments were organized under three headings: macroeconomic framework, trade and investment regime, and selected sectoral policies.

#### Macroeconomic framework

21. Singapore had been recovering well from the Asian financial crises but the first few years of the new millennium had not turned out as expected. 2001 was a dramatic year for growth, mirroring the fact that Singapore was among the world's most open economies. With a global economic slowdown, and with its neighbours taking longer to recover from the Asian crisis, external demand for Singapore's exports slowed. The effects were compounded by SARS and events in the Middle-East in 2003. Nevertheless, GDP growth of 3.5%-5.5% was expected in 2004, and possibly more, provided oil prices did not remain at their current historically high levels for long. The recovery was impressive and proof of economic resilience. The history of economic policy in Singapore showed that one of its characteristics was adaptability and adjustment to the changing global economic environment.

22. In the medium term, Singapore was transforming its economy into a knowledge-based one. Government policy was to continue to develop manufacturing and services as the twin engines of growth, which implied the upgrading of capabilities and a move towards higher-value-added activities. One of the key elements required was to also upgrade the workforce. Investment in education showed a basic understanding of the importance of the labour force for economic performance. This policy had resulted in a workforce at par with competitors like South Korea, Hong Kong, China and the United Kingdom, when it came to the share of the workforce holding a degree. However, the share of the workforce with little or no formal education below the secondary level was quite high and he wondered why, despite government investment in education. He noted that the Workforce Development Agency was established in 2003, and that was probably part of the answer.

23. Singapore had one of the world's highest saving rates, averaging an impressive 45.4% of GDP during 1999-03. Consequently, domestic investment had been high and contributed to raising labour productivity to its present levels. National saving greatly exceeded domestic investment, with the excess being invested abroad, mainly in ASEAN, China, India, and Australia. Singapore was also one of the world's top destinations for foreign direct investment (FDI), a position that many other countries would have liked to enjoy; this had to be characterized as a formidable success. However, being rich could have mixed blessings. The Secretariat Report suggested that capital productivity may have declined since 1994, posing a challenge for long-term productivity and economic growth.

24. Economic theory generally regarded competition as a way of improving the effectiveness of the economy. The search for effective use of factors of production was one of the characteristics of Singapore's macroeconomic policy. Policy at the microeconomic level had probably not been so visible and pronounced and the intention to have a competition law for that purpose was welcome. It was notable that the law would apply to all commercial and economic activities by private sector entities, including government linked companies (GLCs), in all sectors unless there were exclusions and exceptions for public policy and interest reasons. Depending on the definition of "public policy and interest", this would hopefully also reduce differences in analyses of the effect and role of GLCs.

25. With regard to the challenge from ASEAN neighbours and other fast-growing economies, in particular in Asia, competition from low cost producers was most strong. The pressure was therefore more intense in manufacturing, resulting in structural change and lower employment. Improvements in the competitiveness of manufacturing were necessary, especially by moving into higher-value-added production. Continued improvement in labour productivity, which appeared to be high on the



political agenda, would complement the policy and augured well for economic growth. The intention to develop globally competitive healthcare, education, and creative industries seemed sensible.

26. Singapore had prudent fiscal policies and, by and large, avoided counter-cyclical measures. To lower production costs, relative labour costs had been reduced through reductions in direct taxes with the lower income being compensated through increases in indirect taxes. The policy was to reduce corporate and personal income tax rates to 20% by 2006, in response to the ERC report. Monetary policy, it appeared, had not changed during the period under review. Nevertheless, with high savings and a successful FDI policy, it was strange that interest rates were relatively high. He asked whether the relatively high ratio of public debt to GDP had something to do with it.

### **Trade and investment regime**

27. The discussant was tempted to call Singapore's trade policy rather dull, but as a very sincere complement. As the previous discussant had noted, Singapore was recognized for its open trade regime and vigorous support for the multilateral trading system, and it was not easy to find fault with its performance in relation to its WTO commitments and trade liberalization efforts. The statement still held true. However, a significant change was that Singapore had signed five FTAs (Japan, New Zealand, EFTA, Australia, and United States) and was negotiating six new FTAs (Canada, Chile, India, Jordan, Mexico, and Korea). He asked how this fitted in with its staunch support of the multilateral system.

28. Singapore made little use of contingency measures and all remaining anti-dumping measures had been removed on 21 January 2003. He noted and commended the position on safeguards. Import restrictions applied mainly for environmental, health, and public security reasons with the exception of rice, on which restrictions were for food security and price stability. The picture for exports appeared to be similar. There was a new body on standards, the Singapore Productivity and Innovation Board (SPRING Singapore), a statutory board under the Ministry of Trade and Industry. It was encouraging that 75% of Singapore standards were aligned to international standards and he asked whether there was a policy to increase this ratio. As discussants before, he too was puzzled by the approach towards tariff bindings especially that unbound tariffs were found in HS chapters 25-97. Presumably this would end when the current round of negotiations had been successfully concluded. He also asked whether the authorities had analysed (for example, by using income and price elasticities) the effect of the high tariffs and consequently high alcohol and tobacco prices on consumption.

29. All ASEAN countries had different schemes for attracting FDI, including various incentives. Singapore's track record suggested that it was doing better than fair in fulfilling its goals. It had also started liberalizing FDI policy in services, which, according to the Government, had been beneficial for costs. For example, international call rates had fallen by 60-80% since the telecom sector was fully liberalized. He asked how the Government foresaw further services liberalization.

### **Selected sectoral policies**

30. Deregulation and liberalization of utilities had reduced costs, creating the basis for increased competitiveness. Singapore's experience in the electricity and telecommunication sectors had shown impressive results; the negotiations on services could benefit from studying this concrete illustration. Liberalization was also proceeding in other sectors, like banking and insurance, and he was interested in learning more about these. With regard to GLCs, he understood that Government policy was to liberalize and divest and to increase transparency, and he asked for further details. Increased competition was considered to improve the efficiency of an economy, but not in all cases and circumstances. Developments in this regard were of interest to Members, and he looked forward to a response to questions posed.

31. He drew attention to labour market policy developments especially the recommendations of the Tripartite Taskforce on Wage Restructuring, which were made public in 2003. He asked for further details on the follow-up to these recommendations, given that they had a bearing not only on individual sectors but also on the competitiveness of the whole economy.

#### IV. STATEMENTS BY MEMBERS OF THE TRADE POLICY REVIEW BODY

32. Members praised Singapore on its economic reforms, which had been continued despite a number of external shocks including the Asian financial crisis, a global economic slowdown in 2001, and the effects of the SARS crisis and events in the Middle East in 2003. Singapore's economy had shown remarkable resilience to these shocks, in part due to sound macroeconomic policies and its openness to trade and investment. Some Members also remarked that despite the external shocks Singapore had not resorted to protectionism but, on the contrary had continued its economic liberalization programme. They also noted Singapore's active participation in WTO and its strong support of the multilateral trading system despite having signed a number of bilateral free-trade agreements since its previous Review in 2000. Several Members were also appreciative of the role played by Singapore in the WTO since its inception, most notably the bridge-building activities of Singapore's Minister of Trade and Industry, Mr. George Yeo, in chairing the negotiations on agriculture, and of Ambassador Menon in the TRIPS Council. A number of Members raised questions in writing and appreciated written responses provided by Singapore. They believed that Members could learn from Singapore's experiences.

33. The representative of Japan noted the close and amicable partnership in many areas between the two countries. Both were actively collaborating in regional fora, such as APEC, ASEM and ASEAN+3. APEC trade Ministers had released a Ministerial Statement on 5 June 2004 to move the Doha negotiations expeditiously forward. Singapore was one of Japan's most important economic partners. In fact, the agreement for a new-age economic partnership (JSEPA) signed in November 2002 between Japan and Singapore, which entered into force in November 2002, was Japan's first bilateral agreement for economic partnership. The JSEPA contributed to reducing economic barriers and to promoting economic partnership and linkages between the two countries in a comprehensive manner, in trade and also in areas such as investment, intellectual property rights, financial services, information and communication technology, and human resources development. It also complemented and reinforced the multilateral trading system. Japan believed that it would have a significant impact in creating more attractive markets and revitalizing the two economies.

34. Japan had very few specific points to raise. As one of the most important centres for financial transactions in the world, Singapore was encouraged to further liberalize financial services. Japan was puzzled by recent measures subjecting foreign reinsurance companies to several conditions, such as authorization and deposit since 1 January 2004. Additionally, in the case of ceding, foreign reinsurance companies were subject to more severe conditions than domestic companies under the risk-based capital regulations. He hoped that such regulations conformed with GATS commitments on market access and national treatment. Japan believed Singapore would improve these measures in the current round of negotiations and was paying attention to the liberalization of financial services under Singapore's FTA with the United States. Japan believed that nationality requirements for lawyers should be abolished and joint projects between foreign and domestic lawyers should be initiated in order to facilitate such services. Regarding government procurement, Japan welcomed Singapore's participation in the GPA and hoped for further policy improvements. He reiterated Japan's hope that, through this review exercise, Singapore would continue to maintain an open and active policy and contribute to move the current negotiations forward in a constructive manner.

35. The representative of Colombia praised the exemplary nature of Singapore's economy, which was based on competitiveness and efficiency resulting from consistent macroeconomic policies, its openness to international trade, and aggressive policy of providing incentives for foreign investment. It was not always possible in the short and medium term to consolidate a strategy to benefit from such comparative and competitive advantages as Singapore had, but it had succeeded in becoming an important destination for FDI and exporter of high value-added manufacturing products and services, permitting the development of an efficient economy based on exports as the engine of growth. Industrial policies that had sought to improve infrastructure, promote innovation and technological change, in industry and services, were worthy of further study and emulation. Although Singapore's

economy depended to a considerable extent upon external markets, its policy orientation had made it possible to overcome the adverse effects of the Asian financial crisis in 1998, the slowdown in world economic growth in 2001, and the SARS virus, resulting in a sharp economic recovery in 2003.

36. Singapore was also supportive of the multilateral trading system and the Doha Development Agenda. Colombia was happy to see further liberalization through bilateral agreements with important trading partners, and the deepening of existing regional trading agreements. This showed support for and complementarity between FTAs and the multilateral trading system. Bilateral trade between Colombia and Singapore was not very significant. Singapore exported five fold Colombia's exports to Singapore. Furthermore, imports from Singapore were rising and were increasingly concentrated in industrial products especially basic chemicals, textiles, and machinery and equipment. Colombia's exports were mainly light industrial products, including animal fur and skin, and leather, as well as tropical goods and coffee. She believed that there were other market segments in which trade could be improved. For Colombia, it was important to learn from, and draw on, Singapore's experience in areas such as the production of high-value-added goods and services, resulting from its industrial policy.

37. The representative of Canada said that Singapore was an 'A student' when it came to the openness of its economy to trade. Given its high per capita GDP, however, he questioned its status in the WTO as a developing country and suggested that it would be worth discussing how countries labelled their respective economies. Singapore's economy had remained strong in the face of external and internal pressures and had become more open, predictable and generally more transparent. It had responded well to the demands of an increasingly globalized world with a commitment to remove multilateral, regional, and bilateral trade barriers. Canada was pleased that it had remained steadfast in fulfilling its WTO obligations and was moving forward on privatization, anti-dumping, competition policy, and trade facilitation. Nevertheless, a significant proportion of tariffs remained unbound, and where bound rates existed they were substantially higher than applied rates. Canada was therefore pleased to hear in the NAMA, that Singapore advocated increasing bindings to 100% and narrowing the gap between applied and bound rates.

38. Canada was concerned by the amount of state intervention in the economy and its lack of transparency. Canada was pleased to see the recent disinvestments by Temasek of GLCs, and a speech by Madame Ching, the CEO of Temasek, on 13 February 2004, disclosing Temasek's investment record for the first time ever, and announcing plans of "opening up and demystifying Temasek". Transparency and a commitment to ensuring that the principles of most favoured nation and national treatment were respected were central to WTO interests. Canada looked forward to the adoption of a wide-ranging competition law that applied to private sector companies and GLCs alike. Canada also appreciated learning more about Singapore's strategy for managing the decline in total factor productivity (TFP), as cited in the Secretariat's report.

39. Singapore continued to play an active role in the APEC forum, ASEAN and ASEM. It had expanded its portfolio of bilateral FTAs significantly since its last Review and had initiated several others, including with Canada. Six rounds of negotiations had been completed thus far and Canada was hopeful of a successful resolution of the remaining issues so that a high quality, comprehensive agreement, with tangible benefits for both sides, could be concluded. Canada looked forward to continuing to work with Singapore to advance the multilateral agenda.

40. The representative of the United States was pleased to participate in the TPR of Singapore, not just because of Singapore's longstanding support for the multilateral trading system, but also because, Singapore was a very important trading partner. The U.S. applauded Singapore's demonstrated commitment to opening markets for trade, development, and economic opportunity, in addition to its active role in the campaign to advance openness, democracy, and the rule of law. Singapore was one of the most open economies in the world and its consistent efforts to open markets through multilateral, regional, and bilateral initiatives had enhanced its own competitiveness and that

of its trading partners. Singapore's deep integration into the global economy – its merchandise trade was three times its GDP – had helped to make it a prosperous nation, with a per capita GDP in 2003 of over S\$38,000 (about US\$23,000). The openness had helped Singapore to weather financial turmoil in recent years and the Government's initiatives to inject additional vigour into the economy, including by divesting more of its holdings in GLCs, reflected sound and flexible economic policies.

41. Robust and growing economic, trade and cultural ties between Singapore and the U.S., which were enhancing employment opportunities for both countries. Reflecting this positive and growing trade relationship, the U.S. was proud to have Singapore as its first Asian FTA partner. As Ambassador Zoellick had said, the FTA with Singapore was an excellent, comprehensive agreement that broke new ground in services, an area of great importance for both economies, and intellectual property protection. Bilateral trade between the two economies had increased significantly over the past decade. Singapore was currently the 13<sup>th</sup> largest trading partner of the U.S. with around US\$32 billion in two-way goods trade and US\$8 billion in bilateral services trade each year. These numbers could grow significantly with the implementation of the FTA. The U.S. was Singapore's second largest export market, taking in roughly 15% of Singapore's exports, while Singapore was the U.S.'s 10<sup>th</sup> largest export market – impressive ranking considering that Singapore was only around 650 square kilometres in size. The expanding commercial relationship went beyond goods and services to FDI, where U.S. and Singapore companies were important investors in each others' markets – so important that the stock of U.S. FDI in Singapore more than doubled between 2001 and 2002.

42. At the WTO Singapore was one of the most effective advocates of, and role models for, global trade liberalization. The U.S. did not agree with Singapore's position on all the DDA issues, which made for a good negotiation, but drew attention to, and applauded, Singapore's proactive and creative approach to finding mutually beneficial solutions at pivotal points in the negotiations. She recalled Minister Yeo's speech in Cancun urging Members to keep the Doha negotiations on track because they were the best way to reap the benefits of trade liberalization. He also urged Members to show greater respect for one another's positions and find creative ways to accommodate different interests, a message worth keeping in mind as efforts were made to pull together a package for July.

43. Further improvements could be made, including in intellectual property rights enforcement and liberalization of specific services. Singapore was making progress on some of these and she applauded actions taken to further liberalize services, including by easing ownership limits in key sectors like telecommunications. The U.S. delegation welcomed efforts to enact an economy-wide competition law and to reduce the influence of GLCs, initiatives that could go a long way in promoting the flexibility and competitiveness of the economy. She noted that a period of public comment on the draft competition law had just ended and asked about the process to be followed from this point, as well as plans to further divest the Government from corporate activities.

44. Given the enormous volume of imports, exports, re-exports and trans-shipped cargo handled by Singapore, the U.S. was interested in learning more about its experience with trade facilitation – specifically the extent to which Singapore had been able to capture efficiencies from streamlined and modernized customs procedures. Members were approaching an important decision on trade facilitation and there would be benefits from hearing Singapore's experiences in this regard.

45. Having noted Singapore's openness to trade and deep integration into the global economy, which made it an attractive partner in regional and multilateral agreements, the U.S. believed that bilateral and regional initiatives could be building blocks for multilateral liberalization; she asked for an update on progress in other FTAs, including those being negotiated jointly with ASEAN partners.

46. The United States considered Singapore to be a dynamic, open economy and a strong and dedicated supporter of the multilateral trading system. Its openness to trade and deep integration in the global economy had helped to make it an important trading partner and the questions posed by the

U.S. reflected the scope and depth of this relationship. As a close friend and ally of Singapore, the U.S. shared a common interest in expanding global economic growth and prosperity through trade. As part of this effort, the U.S. looked forward to working with Singapore on strengthening the multilateral trading system, expanding and improving bilateral trade, and proactively solving trade problems when they arose.

47. The representative of Argentina noted that the importance of external demand for Singapore's economy was an obvious sign that the external environment had an effect on the evolution of total factor productivity, but the accompanying fall in capital productivity raised questions about Singapore's industrial policy and its future orientation. In this context, it was interesting that the authorities had queried the role of the State in the economy, noting that significant improvements in the functioning of product and factor markets required less state intervention and participation in non-strategic sectors. Argentina also noted the ERC's recommendations on long-term strategy and the need to promote structural reform in order to improve competitiveness, entrepreneurial capacity and economic diversification.

48. Argentina recognized Singapore's efforts to maintain an open trading system and its support for the multilateral trading system, especially its commitment to, and participation in, the Doha Development Round. Since its last TPR Singapore had concluded several FTAs. While this might satisfy the concept of open regionalism and, in general, was compatible with rights and obligations under the WTO, she was interested to know Singapore's opinion about the interrelationship, both positive and negative, between its multilateral, regional, and bilateral trading relationships.

49. Argentina maintained excellent and cordial relations with Singapore and shared a common will to increase bilateral links, in particular through trade. Argentina had recently received the Singapore Trade and Industry Minister Mr. Yeo; Argentina considered this visit to be important as it was a concrete means to explore alternatives and instruments permitting greater dynamism in bilateral relations, and also between Singapore and Latin America in general. Argentina attached great importance to FOCALAE (Framework for a Forum for Dialogue and Co-operation between East Asia and Latin America), created in 2001 on the initiative of the Prime Minister of Singapore, for dialogue between Latin American and Asian countries. He noted, that as bilateral trade levels had not attained their potential, Argentina intended to give this special priority both bilaterally and sub-regionally as expansion would be of mutual benefit to all concerned.

50. The representative of Australia welcomed recent signs of stronger economic growth in Singapore for 2004, forecast at around 5%. During the period late 2000 to late 2003, Singapore's economy was beset by weak conditions in key markets, and a sharp fall in global electronics demand, due to a range of external factors. GDP growth in 2003 was only 1.1%, so the rebound in 2004 was significant. Australia also welcomed Singapore's continued support for an open, rules-based, multilateral trading system under the WTO. Singapore had concluded a number of free-trade agreements (FTAs), including with Australia, since its last Review. The Singapore-Australia Free Trade Agreement (SAFTA), which entered into force in July 2003, would contribute towards a stronger bilateral economic partnership. Singapore was Australia's eighth largest trading partner overall. In 2003, Australian merchandise exports to Singapore were A\$3.5 billion and imports from Singapore were valued at A\$4.46 billion. Services were an important part of bilateral trade.

51. Given continued uncertainty in the global economic environment, Australia encouraged Singapore to continue its reforms to increase competitiveness and transparency. He welcomed plans to introduce a competition law and to establish the Competition Commission of Singapore (CCS). To further enhance the effectiveness of the proposed legislative regime, Singapore was encouraged to apply the law to all business entities, regardless of ownership, industry, or function, to establish a stronger culture of competition in the economy. Australia shared common interests with Singapore across a range of areas, including non-agricultural market access, services and trade facilitation. He

looked forward to continuing to work closely with Singapore and other trading partners to fully realize the potential economic and development gains inherent in the DDA.

52. The representative of Hong Kong, China noted many common features between Singapore and Hong Kong, China, including being city-based economies in east Asia and among the most open trading economies in the world. Both also pursued liberal trade and investment policies and promoted trade liberalization in the WTO and in APEC. Close economic relations were therefore natural. In terms of trade, both ranked fifth with regard to each other, with bilateral trade growing by over 17% in 2003. In 2002, Singapore was the seventh largest source of inward FDI in Hong Kong, China and the eighth largest destination of outward FDI from Hong Kong, China.

53. Singapore's tariff was remarkably liberal with zero tariffs on all but six lines, relating to alcoholic products. It had bound 69% of its tariff and the simple average bound rate was 7.5% in 2003. Nevertheless, bound rates for agriculture were relatively high, with some above 11%. Hong Kong, China was encouraged by Singapore's proposal in the WTO NAMA negotiations to substantially reduce or eliminate its bound tariff rates. Singapore's sanitary and phytosanitary (SPS) policy was stringent, with "high risk" products (mainly dairy products, livestock, poultry, fish and shellfish) imported only from accredited establishments from a limited number of countries. While recognizing Singapore's rights and needs to protect human, animal, and plant life and health, he encouraged it to review SPS controls wherever possible to facilitate a freer flow of these products.

54. Hong Kong, China appreciated Singapore's efforts to introduce full competition in telecommunications in April 2000, two years ahead of schedule. All direct and indirect foreign equity limits on public telecommunications services had been lifted. However, these improvements were not yet reflected in Singapore's initial services offer and he encouraged Singapore, one of the advocates of trade liberalization in telecommunications, to commit this autonomous liberalization in its improved offer. In maritime transport, Singapore did not have restrictions on foreign participation in shipping and port services; and he hoped that it would broaden its GATS commitments, especially in passenger and auxiliary services, not included in existing commitments, to reflect its liberal regime.

55. He was pleased to note the establishment of the Government Electronic Business System website, on which government procurement tenders and pre-qualification information was published. Hong Kong, China shared Singapore's view on the importance of using electronic technology to enhance transparency and efficiency in government procurement. He noted Singapore's vigorous pursuit of bilateral FTAs, having concluded six since its last Review, in 2000, and currently negotiating others. Some of its FTA commitments went beyond those undertaken in the WTO, notably in GATS and TRIPS. While congratulating Singapore on its successful FTA negotiations, he hoped that Singapore would continue to actively support the multilateral trading system and to ensure that its FTAs would be used as building blocks for further multilateral trade liberalization.

56. The representative of the European Communities said that Singapore had shown that strong willingness to succeed was an important ingredient towards increasing growth and prosperity. Singapore had obtained a strong global reputation for its commitment to the multilateral trading system and the general openness and success of its economy. Events since its last TPR confirmed that that reputation remained well deserved. The EC continued to regard Singapore not only as an important trading partner but as a country with whom it shared a number of important views, including on the benefits from further market opening and strengthening of rules governing trade. The close cooperation in the context of inter regional cooperation between the EC and ASEAN and in ASEM, was another reflection of their constructive and positive trading relations.

57. Singapore had progressively liberalized and opened its markets to trade over a relatively short period of time, while fostering democracy, respect for the rule of law, and putting in place a strong, transparent and predictable regulatory framework. Through the turbulence of the Asian crisis, international terrorism and SARS, the Singapore Government had shown that a stable political

situation and continued reliance on market opening could make an important contribution to stability and economic recovery, also in such extraordinary circumstances. While Singapore had long been regarded as an economic success story, it nonetheless, faced several policy challenges including to maintain its recovery and address competitive pressures to restructure and develop new industries. The EC was encouraged by the new strategy introduced to meet this challenge. Measures to improve competitiveness, encourage private initiative and entrepreneurship, strengthen the service economy, promote investment, and further attract and retain foreign workers with the required skills were important elements of reform and continued efforts would be vital for meeting the challenge.

58. Recent liberalization in telecommunications appeared to have brought benefits for the wider economy, with consumers and industry benefiting from greater competition among suppliers and lower prices. Liberalization in banking and insurance had also occurred and he was interested in learning more about their effects and plans to take these reforms forward. The EC also welcomed Singapore's intention to enact a generic competition law and establish an independent competition authority, and was interested in plans in this area. This gap had been among the concerns expressed by the EC at the last TPR of Singapore.

59. The EC agreed with Singapore that a number of issues in the DDA would be beneficial for developed and developing WTO Members, and success should be a top priority. While liberalization of industrial and non-industrial products, and services, would increase growth and prosperity to a degree, the full benefits could only be derived by strengthening the rules and regulatory framework in parallel. It could be argued that what Singapore was advocating in the WTO was the pursuit of sustainable development, economic growth, and prosperity in a similar manner to its own successful national approach. While market opening would have taken it further down the road of growth and prosperity, the combination of market opening with strengthening of governance, the rule of law, and the regulatory framework had ensured that Singapore had gone even further.

60. Singapore had signed a number of bilateral FTAs since its last TPR. To the EC, bilateral and regional trade arrangements, compatible with the rules and obligations of the WTO, could be important tools for promoting trade. While bilateral FTAs yielded some benefits, greater benefits could be derived from deeper regional economic integration and cooperation, although these could not replace the benefits of global trade, given that multilateralism remained the most certain way to promote the interests of Singapore and of other countries. From this perspective, the EC was interested in understanding Singapore's pursuit of regional integration and recently concluded FTAs, and how Singapore proposed to ensure that its regional agreements were genuinely "WTO-plus" in content and supportive of efforts to advance liberalization and rule making at the multilateral level.

61. Many developing countries might require greater preferences and assistance to preserve or even obtain, for some, a relatively limited share in the benefits of global trade. The EC looked forward to working with Singapore to provide the necessary structural framework for these weaker and more vulnerable countries to follow the same path and enjoy some of the prosperity achieved by Singapore, by giving them a stronger chance to engage in global trade. The EC was pleased by Singapore's progress; per capita GDP in recent years had been close to or even higher than that of the EU's 25 members. This sustained success made Singapore an interesting case in terms of achievement of growth and prosperity, from which other countries could learn. While Singapore's achievement was based on several ingredients, the combination of market-opening and strengthening of rules seemed to have been part of the founding mixture.

62. The representative of Switzerland noted Singapore's constructive contribution to the variety of views and opinions expressed in the WTO, thus enriching the discussion in order to find a balanced outcome. Singapore's principle priority, despite recently signing a number of FTAs, remained the WTO and the DDA. Singapore's active pursuit of bilateral, regional, and multilateral economic agreements reflected its integration in the world economy and its openness to international trade and foreign investment. Switzerland shared Singapore's view that trade liberalization allowing additional



commitments to those undertaken in the WTO strengthened the multilateral trading system. He thanked the head of Singapore's delegation for the comprehensive overview on Singapore's economic recovery after the difficulties of the previous two years, underlined by the Government's positive growth forecast of 3.5%-5.5% in 2004.

63. Economic relations between Switzerland and Singapore were excellent and had prospered. In merchandise trade Singapore was Switzerland's most important trading partner in south-east Asia. Singapore represented Switzerland's most important destination for FDI in Asia, with accumulated FDI of Sw F 14.3 billion (3.5% of total Swiss FDI). Switzerland regularly ranked among the top ten sources of FDI in Singapore. Bilateral economic relations, in general, and predictability in law enforcement would be further improved by the FTA signed between Switzerland (as a member of EFTA) and Singapore on 26 June 2002, which entered into force in the beginning of 2003. The FTA stipulated trade liberalization in industrial goods, rules on market access for services, protection for investors and investment as well as of intellectual property rights.

64. Switzerland attached importance to adequate and effective intellectual property rights protection, which was a prerequisite for attracting investment and encouraging research and development. The Report suggested that Singapore's regime protected undisclosed information among private parties only. Switzerland wondered how the legislation ensured that undisclosed test or other data submitted to the responsible state agency for marketing authorization of pharmaceuticals or agricultural chemical products was protected against disclosure and unfair commercial use.

65. The representative of the Philippines, on behalf of ASEAN, noted Singapore's status as an important trading partner in the ASEAN region. In 2003, ASEAN absorbed 25% of Singapore's exports compared to 19% in 1999, and this interdependence would continue to grow. Together with Singapore, ASEAN had begun to look beyond its frontiers and was pursuing trade agreements with China, Japan, and India. Since its last TPR, Singapore had experienced strong economic recovery due to its sound macroeconomic policies and openness to international trade. While the global economic slowdown had affected its performance so that GDP fell by almost 2% in 2001, and despite the negative effects of SARS and events in the Middle East in 2003, the immediate and medium-term prospects appeared to be more promising. Growth was expected to pick up to around 3.5%-5.5% in 2004; he was confident that this favourable performance would continue well into the future.

66. Singapore had already fully bound 69% and partially bound 1.55% of its tariff lines. However, since its last Review, Singapore had bound 100% of its tariff lines in agriculture and 63.8% for non-agricultural products including petroleum; ASEAN applauded this unilateral initiative. ASEAN also commended Singapore for lifting its only anti-dumping measures, on steel reinforcement bars, and its restraint in using trade remedies. Singapore did not have safeguards legislation.

67. The importance of services was evident from the growth of Singapore's services exports from 32.4% of GDP in 1999 to 33.6% in 2003. Liberalization had also taken place in several services. In banking, the domestic retail banking sector had been opened and restrictions were removed on FDI and entry into the insurance sector. ASEAN commended Singapore for these efforts. ASEAN was also pleased that liberalization had taken place in other sectors since the last Review. Telecommunications had been liberalized in 2000, two years ahead of schedule. Reforms had also taken place in electricity generation and distribution, which had resulted in lower electricity prices.

68. Singapore had made changes to its intellectual property regime including, *inter alia*, extending copyright protection to the life of the author plus 70 years, measures against the circumvention of technologies protecting copyright works, and had acceded to the Madrid Protocol on the registration of marks. Based on its experience in sector-specific competition policy, Singapore was now planning to implement a wide ranging competition law by 2005. ASEAN saw a positive outlook for Singapore in the coming years although there were a number of challenges ahead. For example, Singapore would need to address slow TFP growth, mainly due to a decline in capital

productivity. In this regard, Singapore would need to continue and accelerate its move towards higher-value-added activities.

69. The representative of New Zealand noted that Singapore, like New Zealand, had been disappointed by the slow pace of world trade liberalization at the multilateral level and had sought to maintain growth and liberalization through bilateral and regional trade initiatives. New Zealand was the first country to sign a bilateral FTA with Singapore. The Closer Economic Partnership Agreement came into effect in January 2001 and covered a comprehensive range of goods and services. In July 2004, the second review of the agreement would be looking to deepen its scope and effectiveness. Since 2001, Singapore had signed several other bilateral FTAs and was currently negotiating new FTAs with eight countries. In addition to its bilateral FTA agenda, Singapore was party to a number of regional negotiations under the rubrics of ASEAN, APEC, and ASEM, making Singapore a strong contender for the title of current FTA champion. New Zealand commended Singapore's active role in ASEAN in pressing for enhanced regional trade and economic linkages with the group's closest trading partners, such as China, Japan, and India, and with ASEAN's other Dialogue Partners. New Zealand welcomed the prospect of ASEAN commencing negotiations with New Zealand and Australia to secure an AFTA/CER FTA.

70. Singapore's high level of dependence on external trade made it a natural ally of the WTO's rules-based multilateral trading system. New Zealand shared the Singapore Government's assessment that its principle priority remained the WTO and the DDA. Despite this, there were sectors of Singapore's economy and the labour market that would benefit from further international competition. As the Secretariat had pointed out, several services had yet to be liberalized and restrictions remained on the registration of foreign professionals such as medical staff, lawyers, and architects. As one of Singapore's FTA partners, New Zealand took a particularly close interest in this. New Zealand was studying the draft Competition Bill, which the Government of Singapore had recently made available for consultation. In principle, New Zealand welcomed its introduction and especially the fact that GLCs like the Temasek conglomerate would be subject to the proposed new legislation. New Zealand looked forward to working further with Singapore, bilaterally, in regional fora and in the WTO, to help it achieve its objective of becoming "a leading global hub of talent, enterprise and innovation". It was important to have models such as Singapore, which showed that a small country without a natural resource base could turn globalization into a strategic opportunity.

71. The representative of Chinese Taipei noted that Singapore had been promoting a competitive economy through a combination of prudent macroeconomic policies and a well targeted programme of restructuring and autonomous liberalization, much of it designed to encourage entrepreneurship. According to some recent evaluations Singapore was the world's most competitive economy in its population category and the world's second freest economy, both achievements well deserving of congratulations. Singapore was Chinese Taipei's seventh largest trading partner with average annual two-way trade in 2003 close to US\$8.8 billion. The structures and trade regimes of Singapore and Chinese Taipei were quite similar and complimented each other in many ways, and there was potential for further strengthening bilateral economic relations.

72. Chinese Taipei was interested in two specific areas. First, he wished to learn more about the operations of GLCs. These companies were active in a wide range of sectors and represented a major feature of Singapore's dynamic economy. However, Chinese Taipei had concerns about the Government's role in GLCs and whether this could have an adverse effects on the competitiveness of the market. Second, on services, he asked about the rationale of certain requirements that appeared more restrictive for foreign suppliers, and the possibilities of relaxing some of them.

73. The representative of Indonesia said that Indonesia's relations with its neighbour and ASEAN partner, Singapore, were good, particularly with respect to trade and investment. Indonesia was happy that both countries had successfully increased their bilateral relations and that Indonesia was one of Singapore's ten biggest trading partners. Singapore, with its open trade and macroeconomic

policy, had made a tremendous achievement in increasing its external trade by 9.6% in 2003 as well as services exports, which grew from 32.4% of GDP in 1999 to 33.6% in 2003. Singapore's binding of 100% of its tariff for agriculture and 63.8% for non-agriculture showed its strong commitment to the multilateral trading system.

74. Indonesia noted on page 6 of the Government Report, regarding growth in merchandise and services, and page 12 of the Secretariat Report, that Singapore's exports rose by 4.8% and imports by 7%. The total value of Singapore's exports and imports in 1999 through 2003 were given in tables in both reports. Indonesia asked for clarification whether these data included merchandise trade between Singapore and Indonesia, and if so, how Singapore reconciled these data with data from other countries, since data on merchandise trade between Indonesia and Singapore were not reported in HS Codes and IDB format. On page 112 of the Secretariat Report, regarding the status of selected notifications to the WTO, Singapore's notification to the IDB in 2002 and 2003 were not included. Indonesia wished to know why and whether Singapore had already notified bilateral trade data for 2002 and 2003 to the Market Access Committee under its obligations to the IDB. If not, Indonesia strongly urged Singapore to do so in its next notification, for the purposes of transparency.

75. The representative of Brazil noted that Singapore's heavy dependence on export markets had made it vulnerable to the global economic slowdown, and by the emergence of SARS and the events in the Middle East in 2003. This had had a negative impact on the country's ability to continue its process of rapid recovery between 2000 and 2003. Recent improvements in the external environment now seemed to suggest favourable prospects for the Singaporean economy, whose expected growth for 2004 was between 5.5% and 7.5%. This recovery was also evident from bilateral trade flows, which dropped in 2003 by almost 30% but seemed to have recovered in the first four months of 2004. Brazil would follow with interest Singapore's efforts to deal with the longer run challenge of a lack of TFP growth, and competition from low-cost regional competitors. Singapore, one of the world's most competitive economies, was on the cutting edge, reassessing its development strategy and making necessary structural changes to recover stable economic growth. He noted the high proportion of unbound tariff lines, which seemed at odds with its generally liberal trading regime.

76. The representative of Venezuela congratulated Singapore for its policy and reforms to ensure greater competitiveness and efficiency in a global economy, which provided many challenges. Venezuela and Singapore shared excellent bilateral trade relations. In the period 1990-2003 Venezuela enjoyed a positive credit balance, its main exports being minerals and fishery products. Venezuela hoped to increase and diversify its exports further.

77. The representative of Turkey noted that since its previous Review, Singapore had maintained sound macroeconomic policies, with prudent fiscal, monetary and wage policies, resulting in high savings and strong external indicators. Singapore had further liberalized FDI policy in services in addition to its liberal regime in manufacturing. The implementation of a general competition policy had been one of its major policy reforms and improvements had been made in IPRs and standards. While there was strong potential in economic and commercial relations with Singapore, there had been a recent decline in bilateral trade, from US\$468 million in 1997 to US\$230 million in 2003. Trade and FDI between the two countries was currently negligible and he hoped it would increase. Turkey had received reports from Turkish companies about rising transportation and logistical costs, and fees levied on some services. Turkey was pleased, however, that anti-dumping measures on steel reinforcement bar exports to Singapore had been terminated. By further reducing the role of the public sector through GLCs, and by increasing its logistical infrastructure, Singapore could maintain its successful record as a dynamic east Asian economy. He asked how Singapore viewed its policies on FTAs with regard to the multilateral trading system.

78. The representative of India noted that the period under review had been challenging for Singapore and it welcomed the marked acceleration in Singapore's recent growth, which was indicative of a renewed surge in its long-term competitive economic strength. This success followed

a period of economic restructuring and the launching of major long-term policy initiatives. India and Singapore were close neighbours and shared a rich and diverse relationship. The economic relationship was a small part of a wider relationship based on a shared regional history and geography. Singapore was one of India's most valued economic partners and accounted for some 30% of its trade with ASEAN. Bilateral trade of around US\$3 billion in 2002/03, represented a 25% growth over 2001/02. Singapore had also been a growing source of FDI for India, especially in high growth sectors such as telecommunications services. In May 2003, India and Singapore had begun negotiations on establishing a comprehensive economic co-operation agreement, including trade in goods and services, investment, and other areas of economic cooperation. The negotiations were at an advanced stage and India was hopeful of concluding the agreement in the near future.

## V. REPLIES BY THE REPRESENTATIVE OF SINGAPORE AND ADDITIONAL COMMENTS

79. The representative of Singapore thanked the Chairperson, the discussant, and Members for their comments and questions. Singapore appreciated the discussant's complimentary description of Singapore's trade policy as 'dull', and New Zealand's struggle to find questions. The discussant had noted that the TPR was a good opportunity to reflect and learn. In that regard, Singapore appreciated Members' questions, as these had prompted Singapore to think more deeply about the issues. He had grouped his responses under the themes of economic environment, trade and investment policies, and sectoral policies. The responses to Members' questions were being circulated.

### **Economic environment**

80. He thanked Members for expressing confidence in Singapore's policies to respond to the changing environment. The United States and the EC had been very kind to describe Singapore as a model of open trade, effective governance and the rule of law. This was what Singapore was striving towards because it believed it would bring prosperity. He agreed with Canada's characterization of Singapore's policy as a combination of free spirit and pragmatism. Singapore's test of a policy was whether it worked and not whether it fitted well with theory. While academic theories were examined in considering policy options, real world outcomes depended on a more complex interplay of factors. Hence Singapore looked constantly at the actual behaviour of economic players and what actually worked.

81. On total factor productivity (TFP), the Secretariat Report had highlighted Singapore's declining TFP, positing a link with the need for structural reform and raising questions about Singapore's industrial policy. During preparations for the TPR report, Singapore had explained why it did not see this as a core issue. In response to questions raised by Members he said that TFP was an important concept and critical to long-term economic growth. But its measurement was fraught with difficulties and depended on what and how it was measured. While some had written about declining TFP, used by the Secretariat as a central point, an IMF study in 2004 showed that if investment in education and training of its workforce were accounted for, previous studies had underestimated TFP growth in Singapore. Properly adjusted, TFP grew by about 1.6% between 1990 and 2003. Similarly, Singapore's own study showed that if housing was discounted (which, given the high home-ownership levels, accounted for a significant share of the stock of capital), TFP growth would have been 1.6%. He cited these to caution against judging a country's economic policy on the basis of a few academic studies. As policymakers it was their responsibility to examine other evidence and realities.

82. He highlighted two further points. First, the Singapore economy, as many had noted, was very open. Singapore was virtually tariff free and seldom used contingency measures. Investment in manufacturing, where most of the capital stocks were accumulated, was open. Companies in Singapore therefore faced strong international competition, which kept them efficient and productive. If they had misused the capital, they would have been driven out of business sooner or later. Second, in today's world, capital was highly mobile, with investors free to move to earn the highest return, a key lesson from the Asian financial crisis. Declining capital productivity did not square with the fact that many investors, both local and multinational, were continuing to invest in Singapore in a wide range of sectors. Singapore was host to over 6,000 MNCs.

83. Nevertheless, Singapore's commitment to structural reform was strong, not because of the TFP debate but because it believed globalization would accelerate and competition would intensify. So the sooner Singapore made adjustments and moved into a different niche, the more likely it would succeed. For that reason, the ERC had sought the active participation and expertise of over 1,000 people, principally from the private sector.

84. Several Members had questions on GLCs. It was useful to look at the historical context in relation to what was happening today. Unlike the major world economies, where industrialization began over 200 years ago, Singapore started late, only in the 1960s, as a trading post. To jump-start industrialization, the Government had created commercial entities in sectors that were key to Singapore's economic development. But unlike many state-owned enterprises elsewhere, the GLCs were subject to full commercial disciplines from the beginning. While the Government had a share in their capital, it did not interfere in their daily operations. The companies had to meet obligations under the Companies Act and were fully subject to the operations of the market. Many of them were listed on the Stock Exchange and their shares were held by international investors. They were subject to strict reporting requirements and detailed investor scrutiny. Over the last year, Temasek had divested 12 companies and had made a commitment to divest non-strategic GLCs. But it would not make sense to set an artificial deadline to dispose of these GLCs as this would simply depress prices and destroy value. Singapore did not think this would be responsible public policy.

85. He thanked Members for their interest in the Competition Bill. The first round of consultations had been concluded, with the second round expected to be held in the coming weeks. The Bill was expected to be introduced in Parliament before the end of 2004 and to come into force in early 2005. Singapore's basic position on competition remained unchanged, and it believed there was strong competitive pressure as the market was open. Where there had been significant absence of competitive pressure, for example, in the former telecommunications monopoly, sectoral policies to deregulate and liberalize had been adopted and a regime to regulate competition put in place. Some Members also found it significant that GLCs would be subject to competition law. This was consistent with Singapore's governance philosophy for the GLCs.

86. The discussant commended Singapore's pragmatic approach to its successful economic policy. He asked about Singapore's approach to labour market reforms. This was also an area of great interest to others trying to find a solution to the same problem. He noted that wage reform had been ongoing for several years in Singapore in order to introduce flexibility. It was a bold policy which he hoped would be successful. Encouraging workers to make a transition by acquiring new skills and targeting assistance to the needy without undermining the incentive to work was of great importance and seen by many as appropriate. However, it was a very challenging task and one that a number of developed countries were trying to solve. He was interested in hearing more about how the policy was being implemented, how far Singapore had come and what challenges it saw.

87. The representative of Singapore said that the labour market reforms took two forms. One was wage flexibility, because it was important for wages to adjust quickly to changing economic circumstances and to the performance of individual companies. So the less rigid the labour market was, the more wages could respond to changes and the more easily people could move between jobs, the easier it would be to make adjustments to changes. Singapore expected more changes because it was much more linked to the global economy. As part of the ERC's recommendations, Singapore had cut contributions to the central provident fund from 40% to 33%, allowing companies to set wages according to market conditions. Maintaining the 40% contribution rate created rigidity in the system. Efforts were also being made to increase the variable component of wages. Of Singapore's employers, the Government had probably one of the largest variable wage components. Of his own salary, for example, about 50% was variable and dependent on his performance and that of the economy. He hoped this component could be increased across the economy.

88. The second part of the reforms related to labour force skills. In an economy facing accelerating globalization, it was important for workers to be able to acquire new skills and to adapt and learn. The first aspect focused on people still at school. In this "pre-employment" education there had been a number of reforms in the school system. The Ministry of Education had launched a programme called "thinking school, learning nation" about 3-4 years ago, the idea being to reduce the 'learning of content' and to move towards the 'learning of learning'. In other words it encouraged critical thinking, creativity, and the use of IT, to encourage individuals to become self-motivated

learners and to allow them to acquire new skills along the way. The education system had also been improved considerably over the years so that out of every cohort of babies born today, about 25%-30% would have university education and above 40% would have polytechnic education, which focused on technical and other skills. Thus, over 65% of new entrants to the labour force would have completed their higher education. In addition, 20% attended technical institutes for specific technical and vocational skills. Post employment training was given to those already in the labour force.

89. Singapore had also been working to change its labour force profile. Despite rapid industrialization, and an increase in per capita GDP, there remained about 400,000 workers with less than primary education and it was a big challenge to retrain this group. Retraining had occurred for some over the years through cooperation between the unions, technical institutes, etc. but this was a constant struggle. Singapore had therefore never regarded itself as "having arrived" because of this profile, which was not as good as that of developed economies. The Workforce Development Agency was set up to coordinate post-employment training, to increase skill levels and enable the workforce to move between jobs easily if they were retrenched. Some of the training schemes were tied to looking for jobs and others tried to match training with demand in the industry. Thus, these were two complementary approaches, one to make sure the labour market and wages were flexible, and the second to upgrade skills and capabilities to prepare those at school for the future and to make the workforce employable and enhance their skills.

90. The discussant asked whether the current strength in oil prices created inflationary pressures. Noting that inflation had been quite low for some time, he said that high oil prices may fuel inflationary expectations.

### **Trade and investment policies**

91. The representative of Singapore remarked that many Members had asked how Singapore reconciled its bilateral and multilateral policies. This was also a theme that had emerged during its previous TPR. Singapore saw the bilateral, regional, and multilateral tracks as complementary and synergistic. The top priority was the WTO and Singapore was fully committed to the multilateral process because it was highly dependent on trade. The rules-based multilateral trading system provided a predictable environment for all economies. This was especially important for a small economy like Singapore's, which saw no substitute for the multilateral system. Thus, Singapore did its best to be a constructive player at the WTO, a fact noted by many Members.

92. Four years ago Members had asked if FTAs were building blocks or stumbling blocks for the multilateral process. He was struck by how the discussion had moved forward since then. Many in the WTO, as well as at APEC and ASEAN, believed that FTAs could be complementary, and serve as building blocks, to the multilateral process. Singapore believed that FTAs could be building blocks if they were WTO-plus (going beyond WTO commitments), WTO-consistent (covering substantially all trade) and open to others prepared to make the same commitments. Singapore's experience in negotiating FTAs had taught it a few lessons. First, FTAs could set high benchmarks, and served as a controlled experiment, allowing deeper liberalization with a willing partner. Both could learn in the process, and as they got used to a higher level of liberalization, this could serve in multilateral negotiations. Second, the process of negotiating FTAs strengthened Singapore's capacity to participate in multilateral negotiations. In doing one's "homework" on each others' internal positions, and in seeking to understand the FTA partner's regime and sensitivities, one gained a deeper appreciation of the complexities faced by one's partners and the trade-offs that needed to be made.

93. Singapore was glad that its FTAs served to stimulate broader regional integration within ASEAN and between ASEAN and its major partners. ASEAN was working on an ASEAN Economic Community. It was negotiating FTAs with China, Japan, and India, and undertaking joint studies with South Korea. The U.S. had an Enterprise for ASEAN Initiative (EAI), while the EU had a Trans-Regional EU-ASEAN Trade Initiative or TREATI. FTAs also permitted one to explore new areas

involving the strengthening of rules. As the EC had said, strengthening the rules and regulatory framework allowed fuller benefits from liberalization and the EC would be heartened to learn that Singapore's FTAs sought to provide such a framework. Finally, many of Singapore's FTAs also encompassed many areas of economic cooperation. The FTA with Japan, for example, was a new-age partnership involving co-operation in IT, education, and other areas. So too was the comprehensive closer economic cooperation agreement currently being negotiated with India.

94. On tariffs, several Members had noted the discrepancies between Singapore's bound and applied tariffs and wondered if it intended to narrow the gap in terms of scope and depth. Others had also asked if Singapore would be extending its FTA services commitments to the rest of the WTO Membership. The short reply was yes. In the hope that multilateral negotiations yielded the most ambitious outcomes possible, Singapore would be prepared to consider new commitments under the GATT and the GATS within the current round of negotiations, if others would do the same. Singapore had proposed that Members bind 100% of tariff lines in the NAMA negotiations. This would be equivalent to the 100% binding for agricultural products during the Uruguay Round. The actual rates would have to depend on the modalities for tariff reductions agreed by Members. Singapore would continue its active and constructive participation in the DDA services negotiations. It was among the few countries to have tabled an initial offer in response to requests made, and he looked forward to offers by Members to reach a successful outcome to the negotiations on services.

95. On the question of increasing the percentage of standards aligned with international standards, he said this was in Singapore's interest especially in light of its small domestic market. The policy was to adopt international standards, where possible. If no international standard existed or if it was inappropriate, Singapore would adopt an overseas standard. A Singapore standard would be developed only if even overseas standards were inappropriate. On the stringency of its SPS measures, he noted that Singapore imported nearly all its food and a diversified supply provided it with greater variety. It even imported chicken wings from as far away as Brazil. SPS standards were therefore constantly being reviewed and as long as health concerns were met, Singapore encouraged food imports from as many sources as possible.

96. The discussant, noting New Zealand's remark that Singapore was the current FTA champion, said that this was impressive, especially if its FTAs were really WTO-plus. Looking at Singapore's economic performance over the last 3-4 years, there had been ups and downs but no resort to protectionist measures. On the contrary, steps had been taken to liberalize several service and other sectors and he invited Singapore to share its experiences in this regard. He believed it extremely important for the development of the multilateral trading system that Singapore was able to pursue such a policy. Singapore had been commended for steps taken on intellectual property but questions had been raised regarding the authorities' enforcement powers. He invited Singapore to share its views on this. He also commended Singapore's active and creative role in the ongoing DDA negotiations and noted that Singapore was willing to make new commitments if others did so. He was impressed by the system of obtaining export permits through the TradeNet system from Singapore Customs and that such a declaration could be completed within ten minutes in 90% of cases. He asked how Singapore achieved this and why the permits were required.

97. The representative of Singapore said that Singapore had continued to liberalize despite recent weaker economic performance because liberalization and competition were the way to proceed and that the greater the competition, the more firms would have to compete to be efficient, productive, and innovative whether in manufacturing or services. Thus, during the Asian financial crisis and after, Singapore had undertaken studies to determine which areas to inject greater competition in. As the economy was relatively open, this effort had been easier, because economic players knew that they would not be protected and would have to face international competition.

98. To enforce IPRs, Singapore had introduced a number of new pieces of legislation because it believed that IPR protection was the key to being innovative. However, legislation in itself was of



little value if improperly enforced and therefore Singapore took enforcement very seriously. One very positive factor was that by enlarging its enforcement agencies, Singapore had had a very clean record on enforcement. He believed that Singapore had been ranked high in its enforcement against corruption etc. making enforcement more effective than it would otherwise have been. Singapore had an intellectual property enforcement branch in the police force. A number of offences carried criminal sanctions and the police had full investigative powers. There were others with civil sanctions. By and large the police took its job seriously, and because it was enforced by the police, everyone took it seriously.

99. On trade facilitation, Singapore believed that an efficient system reduced business costs and improved the predictability and efficiency of the logistics industry, a key industry in Singapore. Efficiency was achieved through the use of IT and all traders were linked to the central system. Good inter-agency cooperation ensured that information requested was transmitted simultaneously to 13 agencies; any objection by these agencies would be transmitted back within a second. Except in a small number of cases requiring additional investigation, the response was based on risk profiling that allowed a quick response. He hoped that the system could be improved.

### **Selected sectoral policies**

100. On sectoral policies, the representative concentrated on professional and financial services, which had attracted significant attention. Several Members had asked about legal services using the word "restriction", which Singapore believed was not accurate. Singapore had a relatively liberal policy for home-country, third-country, and international law, with 63 foreign law firms and more than 500 foreign lawyers in Singapore – a significant presence, considering there were only 3,500 local lawyers. Foreign lawyers were also permitted in joint law ventures and formal law alliances between local and foreign firms to give advice on Singapore law relating to banking, finance, and corporate law. This allowed law firms to provide "one-stop" services. Australia felt that this scheme had not delivered benefits but those participating in it did not agree. Singapore welcomed Australian firms to form joint law ventures or formal law alliances with Singapore law firms.

101. With regard to financial services, liberalization had been conducted in the context of a sound regulatory framework, with rigorous supervision by the Monetary Authority of Singapore (MAS). Despite the financial crisis, Singapore had pressed ahead, as competitive pressure was important for stimulating progress. It was also important to broaden and deepen Singapore's capital markets and to use competition to promote innovation and efficiency in its financial institutions. Singapore also moved from prescriptive regulation to a risk-focused supervisory approach, which was particularly significant in encouraging a more innovative financial services sector. The programme, announced in 1999, was implemented over five years. Singapore had increased foreign participation in domestic banking progressively, bearing in mind that sound prudential supervision and strong domestic banks were critical to the financial system's resilience and stability. Progress would be reviewed before deciding on further liberalization.

102. With regard to broader sectoral liberalization, the liberalization of telecommunications, energy, and financial services was based on the experiences of other jurisdictions to which Singapore was grateful for sharing their experiences. In energy, vertically integrated monopolies were broken into their competitive segments – electricity generation and retailing. The transmission grid was a natural monopoly and had to be tightly regulated. Lessons were learnt from regulators in the U.S., the U.K., Europe, Australia, and New Zealand, and Singapore appreciated their sharing their experiences generously and warning Singapore of any pitfalls. One key lesson was to ensure a good regulator who understood the market's complexity and was firm in enforcing competition.

103. The discussant noted and commended the number of changes that had taken place in sectoral policies since the last Review. Nevertheless, this was probably the area where the largest number of questions had been raised. Singapore's reforms had aimed to increase efficiency in the economy and

in individual sectors, which was commendable. However, a comparison of sectors showed different degrees of liberalization. He asked about ideas on how to liberalize other sectors of the economy as well, for instance tourism, which was an important sector also regionally. He also asked about further liberalization in banking and other sectors, and he sought confirmation that the Government was reducing its involvement in the economy.

104. The representative of Canada said that in response to a question on tax incentives, Singapore had clarified that a financial institution had to carry out a substantive level of activity in Singapore to be eligible. He asked for a definition of "substantive level of activity". He assumed that the intention was to avoid a mail-box company but would appreciate clarification.

105. The representative of Indonesia appreciated the responses to questions raised by Indonesia. However, since Singapore did not include bilateral merchandise trade data in its trade statistics, and since Indonesia was one of Singapore's ten largest trading partners, the statistics appeared to be incorrect. Correct data were needed not only by the two countries concerned, as a basis for trade policy making, but also by other WTO Members. Indonesia also believed that the two years required for publishing the data was too long and requested clarification on this delay.

106. The representative of the European Communities recognized the mutual benefit of proceeding in parallel on market access liberalization and the strengthening of rules. Singapore's response to the EC's question on the Integrated Sourcing Initiative (ISI) under the U.S.-Singapore FTA, gave rise to an additional question on how the Government or the Customs authorities ensured that the products concerned actually originated from the specific Indonesian islands and not from elsewhere in Indonesia, since there appeared to be no specific origin criteria other than that the products had to be shipped out of the port of Singapore. He also asked what actions Singapore was taking to assist LDCs. Singapore had mentioned in its response that it provided technical assistance to LDCs. The EC believed that Singapore's experiences had lessons for both developed and less developed countries. Finally, he asked how it was possible to use information technology to disseminate customs information within 10 minutes to 13 or more government agencies and how Singapore ensured that a response would be provided within 10 minutes. In his experience of dealing with bureaucracy, he would be very pleased in some cases to get a response within ten days and perhaps other administrations, including those of developed countries, could learn from Singapore.

107. The representative of Australia said that from Singapore's responses it appeared that, on average, licence applicants received facilities-based licences within eight weeks and their services-based licences within four weeks. He wondered whether the authorities published in advance any time periods within which applicants could expect to receive their licence. On Singapore's response that interconnection was based on a reference interconnection offer and access was based on interconnection related services, he asked how prescriptive these rules were and to what extent there was discretion for the incumbent to negotiate terms of access. This affected the extent to which foreign applicants could negotiate access on reasonable cost-oriented and non-discriminatory terms.

108. The representative of Singapore confirmed that the time period within which applicants could expect to receive their telecommunications licences was published in advance as were interconnection access details. All consultation documents affecting the players were also put on the IDA website for comment. He recalled reading in the newspapers in 2003 many occasions when these documents were put up for consultation.

109. On the EC's question about the ISI, Singapore would provide a written response. On why and how Singapore got its officers to respond in 10 minutes, he noted that a number of the processes were automated and certain procedures had already been worked out in advance. For those requiring urgent manual intervention, these could be addressed by telephone. On training and assistance to LDCs, Singapore was a very small economy and its resources limited; but within these limits it did its best to share the lessons it had learned in different fora. ASEAN integration had been initiated for

new members. On a broader level, the Singapore Cooperation Programme had trained some 200,000 officials from various parts of the world over the last ten years. Singapore also participated in other fora, such as APEC and ASEM, which also provided training assistance.

110. On Indonesia's question, the agreement on bilateral trade data was signed by leaders from the two countries in 1974 and it was only in 2003 that the Indonesian Government indicated that it would like the data to be published. The intervening period was some 30 years. Singapore had also decided to accede to the World Customs Organization and a lot of work was required to prepare the data. He therefore did not believe that two years was unreasonable but if there were specific questions, they could be raised separately. On Canada's question, the Monetary Authority of Singapore (MAS) would provide a written response.

111. Responding to the discussant's question on sectoral liberalization, he confirmed the intention to move to greater openness, to liberalize as many sectors as possible and to deepen this liberalization. For banking and financial services, the key concern was prudential because of its systemic impact on the economy and the regulator had to be satisfied that prudential requirements had been met. Singapore had also undertaken a number of studies and a review was ongoing. Other sectors such as tourism and IT were almost completely open, but each sector would be looked at systematically. Singapore's FTAs allowed it to examine concerns and what needed to be done to stimulate greater openness and competition. In the process, a number of other sectors had been liberalized. These efforts would be continued as Singapore believed it was the way to move forward.

112. He confirmed that Government involvement in the economy would be reduced for the simple reason that the economy had developed over the years, and there was a bigger pool of better educated Singaporeans, many of whom were starting businesses and providing entrepreneurial drive. Singapore was therefore promoting entrepreneurship and he hoped it was succeeding in its efforts. An inevitable part of the process was that the Government's role in the economy would be reduced. The Government was actively encouraging companies from all over the world, both big and small, to operate and compete in Singapore and he believed the policy direction was quite clear.

## **Conclusion**

113. To conclude, the representative of Singapore expressed his appreciation for remarks by Japan, Canada, the U.S., Australia, the EC, and India concerning Singapore's contribution to the WTO and the DDA. Given the importance of the WTO, he reiterated that Singapore was fully committed to playing its part. He also thanked his ASEAN colleagues for their positive comments. He also thanked the representatives of Colombia, Argentina, Venezuela, Brazil, Chinese Taipei, Switzerland, and Turkey for their warm comments and for expressing the desire to develop closer economic links with Singapore. Singapore looked forward to expanding economic relations with these countries.

## VI. CONCLUDING REMARKS BY THE CHAIRPERSON

114. We have had a most informative and constructive discussion of Singapore's trade policies and practices. The discussion benefited greatly from the valuable contributions made by Permanent Secretary Heng Swee Keat, and his delegation, by our discussant, Ambassador Eirik Glenne in leading the discussion today, and by Members of the TPRB. Several Members have also thanked Singapore for its efforts in facilitating multilateral trade discussions, especially in the areas of TRIPS and agriculture.

115. This, Singapore's Fourth Trade Policy Review, has demonstrated that its economy remains one of the most open to international trade and investment. This openness, in great part, has helped Singapore weather recent economic shocks, such as the Asian financial crisis and more recently the global economic slowdown, which was compounded by the SARS crisis and events in the Middle East. Members commended Singapore's continuing reforms aimed at promoting a competitive economy that is globalized, entrepreneurial and diversified in the face of these shocks. Some Members sought further details on the nature of these reforms, especially efforts to enhance wage flexibility, employment and training, and to address the challenge of an apparent recent decline in total factor productivity although I have noted Singapore's comments in this regards.

116. Members noted that with international trade amounting to about three times GDP, Singapore remains committed to a rules based multilateral trading system. Several Members, however, noted the number of bilateral free-trade agreements Singapore has signed since its previous Review and asked how it reconciled this trend with its participation in the multilateral trading system. Members urged Singapore to maintain its participation in current WTO negotiations. The representative of Singapore stressed his country's commitment to the multilateral trading system and responded that its bilateral FTAs are "WTO-plus" and could contribute to further multilateral trade liberalization. Singapore was also actively participating in the current WTO negotiations and would do its utmost to ensure their success.

117. Members raised questions about certain aspects of Singapore's trade policy, including: customs procedures and trade facilitation; the difference between bound and applied tariff rates; the use of specific duties; import licensing policies, particularly with regard to rice; standards; and Singapore's relatively stringent SPS policy. Questions were also raised about Singapore's government procurement procedures and the enforcement of intellectual property rights. It was noted that Singapore's use of contingency measures is relatively limited.

118. Since restrictions to international trade are relatively few, Members were mostly interested in Singapore's recent and ongoing domestic reforms. Several Members welcomed Singapore's announcement of an economy-wide competition policy to be put in place over the next few years. While noting that some reforms had been carried out with regard to government linked corporations (GLCs) held by the Government holding company, Temasek, Members sought further details on *inter alia* "demystifying Temasek", GLCs and their further disinvestment, measures to ensure fair competition between them and other private sector companies, as well as efforts to reduce government involvement in the economy. Questions were also raised with regard to tax and non-tax incentives and the sectors in which they are currently concentrated.

119. With regard to services, Members noted major reforms, especially in telecommunications, and banking and insurance services. They noted that liberalization of telecommunications services in particular, has resulted in benefits for consumers and encouraged Singapore to continue further reforms in other sectors as well. Further details were requested on banking and insurance, transport, audio visual services, professional services, and tourism. Some Members also requested information on Singapore's GATS Schedule.

120. To conclude, I would like to thank the Singapore delegation on its oral and written responses provided during the meeting and once again to congratulate Singapore on being an exemplary Member of the WTO and for its efforts in helping us to better understand its trade-related policies. Our discussions have also helped us to appreciate the significant challenges facing Singapore today and the Government's measures to address these challenges.

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