

# SINGAPORE

## TRADE SUMMARY

The U.S. goods trade surplus with Singapore was \$10.3 billion in 2012, a decrease of \$1.7 billion from 2011. U.S. goods exports in 2012 were \$30.6 billion, down 2.1 percent from the previous year. Corresponding U.S. imports from Singapore were \$20.2 billion, up 5.8 percent. Singapore is currently the 13th largest export market for U.S. goods.

U.S. exports of private commercial services (i.e., excluding military and government) to Singapore were \$10.5 billion in 2011 (latest data available), and U.S. imports were \$4.4 billion. Sales of services in Singapore by majority U.S.-owned affiliates were \$40.1 billion in 2010 (latest data available), while sales of services in the United States by majority Singapore-owned firms were \$4.6 billion.

The stock of U.S. foreign direct investment (FDI) in Singapore was \$116.6 billion in 2011 (latest data available), up from \$104.3 billion in 2010. U.S. FDI in Singapore is primarily concentrated in nonbank holding companies and the manufacturing sectors.

Singapore is a major trans-shipment hub for world trade, handling approximately one-fifth of world container trans-shipments and almost 2 million tons of airfreight.

## Trade Agreements

The United States-Singapore Free Trade Agreement (FTA) entered into force on January 1, 2004. Exports from the United States increased 85 percent between 2003 and 2012, with steady growth in exports of medical devices, machinery, and electronics components. The United States and Singapore meet annually to review the implementation of the FTA and resolve outstanding trade issues.

Singapore is a participant in the Trans-Pacific Partnership (TPP) negotiations, through which the United States and 10 other Asia-Pacific partners are seeking to establish a comprehensive, next-generation regional agreement to liberalize trade and investment. This agreement will advance U.S. economic interests with some of the fastest-growing economies in the world; expand U.S. exports, which are critical to the creation and retention of jobs in the United States; and serve as a potential platform for economic integration across the Asia-Pacific region. The TPP agreement will include ambitious commitments on goods, services, and other traditional trade and investment matters. It will also include a range of new and emerging issues to address trade concerns our businesses and workers face in the 21st century. In addition to the United States and Singapore, the TPP negotiating partners currently include Australia, Brunei, Canada, Chile, Malaysia, Mexico, New Zealand, Peru, and Vietnam.

## IMPORT POLICIES

### Import Licenses/Internal Taxes

Singapore maintains a tiered motorcycle operator licensing system based on engine displacement which, along with a road tax based on engine size, adversely affects U.S. exports of large motorcycles. Singapore also restricts the import and sale of non-medicinal chewing gum. For social and/or environmental reasons, it levies high excise taxes on distilled spirits and wine, tobacco products, and motor vehicles.

## **INTELLECTUAL PROPERTY RIGHTS PROTECTION**

In connection with its FTA commitments and obligations under international treaties and conventions, Singapore has developed a generally strong intellectual property rights (IPR) regime, with the second lowest rate of software piracy in Asia. Nonetheless, some concerns have been raised about the transshipment of infringing goods through Singapore, insufficient deterrent penalties for end-user software piracy, and the lack of effective enforcement against online peer-to-peer infringement.

Singapore is a signatory to the Anti-Counterfeiting Trade Agreement (ACTA), but has not yet ratified the agreement. ACTA establishes an international framework that will assist parties to the agreement in their efforts to effectively combat IPR infringement, in particular the proliferation of counterfeiting and digital piracy, which undermines legitimate trade and the sustainable development of the world economy.

U.S. content holders have noted concerns regarding pirated online content access from Singapore. The Media Development Authority (MDA), a sub-agency of the Ministry of Information, Communications and the Arts, has been consulting on this issue with stakeholders for the past year and recently issued recommendations to reduce online piracy. MDA is soliciting public feedback regarding site-blocking solutions to reduce online piracy.

## **SERVICES BARRIERS**

### **Pay Television**

In August 2011, MDA implemented new regulations requiring pay television providers to “cross carry” exclusive broadcasting content acquired after March 12, 2010. Under the rules, a pay TV company with an exclusive contract for channels/content is required to offer that content to customers of other pay TV companies at similar commercial rates. The United States is concerned that these regulations may interfere in the competitive marketplace by denying the ability of content holders, many of which are U.S. based, to freely negotiate contractual arrangements and determine access to their product. The policy is scheduled for review in March 2013.

The United States will continue to monitor the implementation of this regulation, particularly in regard to how it will be applied to content services provided over the Internet, where the rationale for regulatory intervention appears less relevant, given the ability of consumers to easily access Internet-based services. Since the cross-carriage provisions entered into force, only one contract, the Union of European Football Association Euro 2012, has been subject to the measure. In October 2012, SingTel announced it had secured broadcast rights for the English Premier League for another three seasons (starting in the second half of 2013) in a non-exclusive deal, leaving the door open for its competitor StarHub to separately negotiate for the rights to broadcast the games.

### **Audiovisual and Media Services**

Singapore restricts the use of satellite dishes and has not authorized direct-to-home satellite television services. MDA must license the installation and operation of broadcast receiving equipment, including satellite dishes for TV reception.

Distribution, importation, or possession of any “offshore” or foreign newspaper must be approved by the government. Singapore has curtailed or banned the circulation of some foreign publications based on perceived defamation of the Singapore government in the publication.

## **Legal Services**

U.S. and other foreign law firms with offices in Singapore cannot practice Singapore law or employ Singapore lawyers to practice Singapore law unless specifically approved to do so. In addition, foreign law firms are not permitted to litigate in local courts, even through Singapore lawyers. Six foreign law firms have been granted “Qualifying Foreign Law Practice” (QFLP) licenses to practice Singapore law, except in certain excluded areas such as litigation, family law, and probate. In 2013, Singapore plans to award a second round of licenses to foreign law firms. Twenty-three firms had filed applications for QFLP licenses by the end of the application period in August 2012.

## **Banking**

Foreign banks and other financial institutions that issue credit cards in Singapore are unable to provide ATM services through local networks for holders of those cards. Foreign banks can only provide ATM services to locally-issued credit card holders through their own network or through a foreign bank’s shared ATM network. However, foreign banks that have been awarded Qualifying Full Bank privileges can negotiate with the local banks on a commercial basis to let their credit card holders obtain cash advances through the local bank’s ATM networks. Foreign banks do not face the same restrictions for credit cards that they issue outside of Singapore.

The Minister in charge of the Monetary Authority of Singapore must approve the merger or takeover of a local bank or financial holding company, as well as the acquisition of voting shares in such institutions above specific thresholds. Although it has lifted the formal ceilings on foreign ownership of local banks and finance companies, Singapore has indicated that it will not allow foreign controlling stakes or takeovers of its three major local financial institutions.

## **Cloud Computing Services for Financial Institutions**

Despite the acceptance of multitenant computer data center architecture (*i.e.*, data from multiple customers stored in a single data center) by financial regulators in major markets, MAS has sought, through informal means, to discourage financial institutions in Singapore from using the technology. This approach could deter the adoption of cloud computing in this sector, undermining the efficiency gains such technology provides and Singapore’s leadership role as both a cloud computing and financial services center in the region. The United States will continue to raise this issue with Singapore and discuss ways that vendors can demonstrate how they can meet MAS regulatory goals while implementing innovative computing technologies.