

# SINGAPORE

## TRADE SUMMARY

The U.S. goods trade surplus with Singapore was \$11.7 billion in 2010, an increase of \$5.1 billion from 2009. U.S. goods exports in 2010 were \$29.1 billion, up 31.1 percent from the previous year. Corresponding U.S. imports from Singapore were \$17.5 billion, up 11.3 percent. Singapore is currently the 10<sup>th</sup> largest export market for U.S. goods.

U.S. exports of private commercial services (*i.e.*, excluding military and government) to Singapore were \$9.3 billion in 2009 (latest data available), and U.S. imports were \$3.8 billion. Sales of services in Singapore by majority U.S.-owned affiliates were \$32.7 billion in 2008 (latest data available), while sales of services in the United States by majority Singapore-owned firms were \$2.0 billion.

The stock of U.S. foreign direct investment (FDI) in Singapore was \$76.9 billion in 2009 (latest data available), down from \$86.0 billion in 2008. U.S. FDI in Singapore is primarily concentrated in nonbank holding companies and the manufacturing sectors.

In December 2009, the United States announced its intention to enter into negotiations on a regional Asia-Pacific trade agreement called the Trans-Pacific Partnership (TPP), with the objective of shaping a high-standard, broad-based regional agreement. This agreement will create a potential platform for economic integration across the Asia-Pacific region, a means to advance U.S. economic interests with the fastest-growing economies in the world, and a tool to expand U.S. exports, which are critical to U.S. economic recovery and the creation and retention of high-paying, high-quality jobs in the United States. The TPP negotiating partners currently include Australia, Brunei Darussalam, Chile, Malaysia, New Zealand, Peru, Singapore, and Vietnam.

## FREE TRADE AGREEMENT

The United States and Singapore signed a Free Trade Agreement (FTA) on May 6, 2003, which entered into force on January 1, 2004. Since 2003, exports from the United States through 2010 increased 76 percent, 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.

## 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, places U.S. exports of large motorcycles at a competitive disadvantage. The import and sale of non-medicinal chewing gum is restricted in Singapore. For social and/or environmental reasons, Singapore levies high excise taxes on distilled spirits and wine, tobacco products, and motor vehicles.

## INTELLECTUAL PROPERTY RIGHTS (IPR) PROTECTION

In connection with its FTA commitments and obligations under international treaties and conventions, Singapore has developed a generally strong IPR regime. Nevertheless, the United States continues to have concerns regarding the government's IPR enforcement efforts. These concerns include the

transshipment of infringing goods through Singapore, insufficient deterrent penalties for end-user piracy, and the lack of meaningful enforcement against online infringers. Additional IPR concerns have arisen over the pay-television cross-carriage issue, which is detailed below.

Singapore was an active participant in the Anti-Counterfeiting Trade Agreement (ACTA) negotiations, which were concluded in November 2010. The ACTA establishes an international framework that will assist the parties to the agreement in their efforts to effectively combat IPR infringement, in particular the proliferation of counterfeiting and piracy, which undermines legitimate trade.

## **SERVICES BARRIERS**

### **Pay Television**

In March 2010, the Ministry of Information, Communications and the Arts, through its sub-agency, the Media Development Authority, released new regulations to require pay-television providers to “cross carry” exclusive broadcasting content acquired after March 12, 2010. Under the new rules, slated to take effect in mid-2011, a pay television company with an exclusive contract for a channel would be required to offer that content to customers of other pay television companies. Content providers, many of which are U.S.-based, protest that the decision is an unnecessary interference in a competitive market that denies content holders the ability to negotiate freely in the marketplace, and is an overly broad remedy for addressing the perceived problem of content fragmentation. In addition, industry sees the rules as raising serious concerns with respect to Singapore's commitments to protect IPR and the right of content holders to determine access to their product. The United States has requested that Singapore reconsider the cross-carriage measure or at least delay its implementation until further discussions have occurred, both between industry stakeholders and between the governments of Singapore and the United States.

### **Basic Telecommunications**

Facilities-based operators continue to be limited in their ability to take advantage of wholesale pricing for local provider Singapore Telecommunications’ (SingTel) “last mile” local leased circuits. When fully completed in 2012, Singapore’s next generation national broadband fiber network should allow fuller, more reasonably priced network access to provide telecommunication services to homes and businesses, bypassing the bottleneck of SingTel owned circuits. Sixty percent of Singapore homes have been connected to the network as of the end of 2010.

### **Audiovisual and Media Services**

Singapore restricts the use of satellite dishes and has not authorized direct-to-home satellite television services. Singapore’s Media Development Authority must license the installation and operation of broadcast receiving equipment, including satellite dishes.

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 when it 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, employ Singapore lawyers to practice Singapore law, or litigate in local courts, unless specifically approved to do so. Six foreign law firms have been granted “Qualifying Foreign Law Practice” (QFLP) licenses to

practice certain areas of domestic law. However, Singaporean lawyers in a QFLP law firm cannot be full partners or share in worldwide profits with other partners in the firm.

## **Banking**

Singapore maintains legal distinctions between foreign currency transactions conducted in the Asian Dollar Market and Singapore dollar transactions and the type of license held (full, wholesale, or offshore). Except in retail banking, Singapore laws do not distinguish operationally between foreign and domestic banks. Wholesale banks can operate in only one location, unless the Monetary Authority of Singapore approves an additional location.

Foreign banks and other financial institutions that issue credit cards in Singapore are unable to provide ATM services through local networks for holders of those cards. Foreign banks can only provide ATM services to locally issued credit card holders through their own network or through a foreign bank's shared ATM network. Foreign banks do not face the same restrictions for credit cards that they issue outside Singapore.

The Minister in charge of the Monetary Authority of Singapore must provide specific types of approval for acquisitions of the voting shares of a local bank. Although it has lifted the formal ceilings on foreign ownership of local banks and finance companies, the government of Singapore has indicated that it will not allow a foreign takeover of its three major local financial institutions.

## **Education Services**

Singapore's Private Education Act (the 2009 Act) includes new registration criteria for education service providers and degree courses that have been applied in a non-transparent manner. Singapore's Council for Private Education (CPE), a statutory board created under the 2009 Act to regulate the sector, has rejected the applications of at least two U.S.-based universities interested in providing university-level classes in Singapore, effectively barring their participation in the market. Although the CPE has provided a list of the criteria on which applications are judged, it has not explained the specific reasons for denying these registrations, how it weights the criteria or reaches decisions on whether to approve or reject applications, or what steps the education service providers could take to satisfy the new requirements for future applications to be approved. The United States will continue to work with Singapore in an effort to resolve these concerns.

## **OTHER BARRIERS**

### **Competition**

Singapore has an extensive network of government-linked corporations that are active in many sectors of the economy. Some sectors, notably telecommunications, media, and financial services, are subject to sector-specific regulatory bodies and competition regulations typically less rigorous than those being implemented under Singapore's general Competition Act. The United States will continue to monitor Singapore's implementation of its commitments on competition under the United States-Singapore Free Trade Agreement.