

SINGAPORE

TRADE SUMMARY

The U.S. goods trade surplus with Singapore was \$7.9 billion in 2007, an increase of \$974 million from \$6.9 billion in 2006. U.S. goods exports in 2007 were \$26.3 billion, up 6.5 percent from the previous year. Corresponding U.S. imports from Singapore were \$18.4 billion, up 3.5 percent. Singapore is currently the 11th largest export market for U.S. goods.

U.S. exports of private commercial services (*i.e.*, excluding military and government) to Singapore were \$6.7 billion in 2006 (latest data available), and U.S. imports were \$3.9 billion. Sales of services in Singapore by majority U.S.-owned affiliates were \$7.3 billion in 2005 (latest data available), while sales of services in the United States by majority Singapore-owned firms were \$2.1 billion.

The stock of U.S. foreign direct investment (FDI) in Singapore was \$60.4 billion in 2006 (latest data available), up from \$54.5 billion in 2005. U.S. FDI in Singapore is concentrated largely in the manufacturing, finance, wholesale trade, and banking sectors.

FREE TRADE AGREEMENT (FTA)

The United States and Singapore signed a Free Trade Agreement (FTA) on May 6, 2003, which entered into force on January 1, 2004. It was the first FTA that the United States concluded with an Asian country, eliminating most tariffs immediately upon entry into force of the FTA and making important advances in many key areas. Among other benefits, the FTA provides strong disciplines in the most competitive U.S. services sectors, enhances protection for intellectual property, makes specific commitments regarding the conduct of Singapore's government linked enterprises, and provides strong and transparent discipline in government procurement. The FTA also includes commitments to prevent illegal transshipments of all traded goods and circumvention in the textiles and apparel sector as well as requirements to effectively enforce domestic labor and environmental laws. Since the FTA entered into effect, exports from the United States through 2006 increased 49 percent, with steady growth in medical devices, machinery and construction equipment exports, and pharmaceutical exports.

In addition to the FTA with the United States, Singapore has concluded bilateral FTAs with Australia, the European Free Trade Association, Japan, Jordan, New Zealand, South Korea, India, and Panama, as well as a quadrilateral agreement with Chile, New Zealand and Brunei. Singapore is negotiating FTAs with Bahrain, Canada, China, Egypt, Kuwait, Mexico, Pakistan, Peru, Qatar, Sri Lanka, and the United Arab Emirates. Singapore is a member of the Association of Southeast Asian Nations (ASEAN), which has concluded FTAs with China and South Korea and is negotiating FTAs with Australia, New Zealand, India, and Japan.

IMPORT POLICIES

Tariffs

Singapore imposes no tariffs on industrial goods or textiles. For social and/or environmental reasons, Singapore levies high excise taxes, applicable to distilled spirits and wine, tobacco products, motor vehicles (all of which are imported), and gasoline. Singapore has bound 70.5 percent of its tariff lines in the WTO and is a signatory to the WTO Information Technology Agreement.

Import Licenses

Beginning in April 2008, Singapore will require that all manufacturers, importers, and wholesalers of medical devices be licensed under the Health Products Act by no later than October 2009. Singapore also expanded its controlled goods list, effective January 1, 2008, to include all items covered by the Australia Group, the Nuclear Suppliers Group, the Missile Technology Control Regime, and the Wassenaar Arrangement. Singapore maintains a tiered motorcycle operator licensing system based on engine displacement, which, along with a road tax based on engine size, places U.S. exports of large motorcycles at a competitive disadvantage. The sale of chewing gum is restricted in Singapore.

STANDARDS, TESTING, LABELING, AND CERTIFICATION

Under the 2002 Consumer Protection Regulations, 45 categories of electrical, electronic, and gas home appliances and accessories are listed as controlled goods and require a stamp of approval from the Singapore government's standards and certification authority (SPRING Singapore). SPRING Singapore recognizes test reports issued by accredited testing laboratories and certification bodies, including those in the United States. Labels conforming to standardized formats are required on imported foods, drugs, liquors, paints, and solvents.

Agriculture

Singapore allows meat and poultry imports solely from countries with which it has protocol agreements. Doing so preserves its rigorous food safety requirements through the integration of foreign farm accreditation, inspection, and regular testing. Export health documentation endorsed by federal health institutions must accompany every shipment of imported meat and poultry. In addition, Singapore health authorities test every shipment of imported meat and poultry visually for wholesomeness and to ensure it is free from spoilage and disease. Meat and poultry product samples are regularly sent to government laboratories for evaluation to guarantee that they do not exceed the allowable microbiological specifications for raw meat and poultry products. Singapore's Agri-food and Veterinary Authority (AVA) enforces a zero tolerance policy for salmonella enteritidis and escherichia coli E. 0157 in raw meat products, which is inconsistent with international standards and has posed some difficulties for U.S. exporters.

AVA prohibits beef imports from nations in which Bovine Spongiform Encephalopathy (BSE) has been detected, including the United States. Singapore previously required six years of non-BSE detection in a country before re-establishing trade, but has now established a minimum risk rule in line with World Organization for Animal Health (OIE) guidelines. On January 17, 2006, Singapore announced the re-opening of its market to U.S. boneless beef from animals under 30 months of age. Singapore continues to ban imports of U.S.-origin bone-in cuts of beef, beef offals, and beef products derived from animals over 30 months of age. The U.S. Government will continue to raise its concerns on this issue with Singapore.

Fresh produce imports are labeled to secure their traceability to farms.

Medical Devices

In November 2007, Singapore issued implementing regulations for medical devices under the 2007 Health Products Act covering a wide array of areas, including adverse events, product recalls, advertising and sales promotion, and "good distribution practices." The United States is reviewing these policies and consulting with the medical device industry on the regulations to determine their likely impact on U.S. exporters.

Agricultural Biotechnology

All imported foods, both genetically modified organisms (GMOs) and non-GMOs have to be determined safe by their respective national regulatory bodies of the exporting countries as well as in compliance with international safety standards established by Codex Alimentarius before they are allowed entry into Singapore. Singapore has already approved the import of agricultural biotechnology products such as genetically modified corn and soybeans to be used in foods and feeds.

On March 1, 2007, the Singapore government introduced a 6 month trial monitoring of soy grains and corn kernels. Singapore importers were required to indicate the transgenic content of the shipment of corn or soy grains and products on their permit application including the specific transgenic crops or events present in the shipment. U.S. millers and exporters have considerable difficulty identifying any genetically modified grains since they do not segregate the different varieties of corn and soy grains handled and processed through the same equipment.

Singapore currently does not produce any agricultural related GMOs. There are no biotechnology crops under development and none are expected on the market in the foreseeable future.

GOVERNMENT PROCUREMENT

Singapore is a signatory to the WTO Agreement on Government Procurement and the FTA provides enhanced access for U.S. firms to Singapore's central government procurement. Some U.S. and local firms have expressed concerns that government-owned and government-linked companies (GLCs) may receive preferential treatment in the government procurement process. The U.S. Government has raised this issue with Singapore, which denies that it gives any preferences to GLCs or that GLCs give preferences to other GLCs.

INTELLECTUAL PROPERTY RIGHTS (IPR) PROTECTION

In line with its FTA commitments and obligations under international treaties and conventions, Singapore has developed one of the strongest IPR regimes in Asia. The United States continues to closely monitor Singapore's implementation of its FTA commitments in this area.

Transshipment

To implement its FTA commitments, Singapore amended Section 31 of the Import/Export Act in November 2003 to facilitate information sharing with U.S. Customs and Border Protection and officials from other countries with which Singapore has relevant trade agreements. Nonetheless, Singapore, a major transshipment and transit point for sea and air cargo, does not collect information on the contents and destinations of most transshipment and transit trade, which accounts for 80 percent of the cargo coming through the port. This lack of information makes enforcement against transshipped or transit trade in infringing products virtually impossible. In addition, goods in transit are not generally subject to seizure under the Copyright Act, although seizures may be possible if a search warrant is obtained in advance.

Internet Piracy

In accordance with the FTA, Singapore's amended Copyright Act provides improved protection for digital works and outlines requirements and procedures for removing infringing material from Internet sites. Nonetheless, the copyright industry maintains that the new law fails to impose full liability on service providers engaged in infringing activity. The industry also claims that Section 107B of the Copyright Act

violates FTA obligations by permitting entities in Singapore to "simulcast" performances over the Internet without paying remuneration to performers and producers of phonograms. U.S. industry reports that Internet piracy in Singapore is on the rise as a result of the increasing availability of the country's broadband facilities. The United States will continue to work with Singapore to try to address these concerns.

Enforcement

In line with its FTA obligations, Singapore has taken steps to improve IPR enforcement and to lower infringement rates, which are among the lowest in the Asia-Pacific region. Singapore claims that its enforcement efforts have almost eliminated the production of pirated material and blatant storefront retail piracy. According to industry estimates, Singapore's piracy rate averaged 5 percent to 10 percent for audio and video and 39 percent for business software.

Rights holders have encountered difficulties when attempting to prosecute IPR cases based on tips provided by company insiders. Singapore currently does not offer specific protection to "whistleblowers." As a result, many informants refuse to provide crucial testimony in court. The United States will continue to raise concerns on this issue with Singapore.

U.S. industry has expressed concerns that violations of Singapore's optical disc law are not prosecuted vigorously and deterrent sentences are not imposed. It has also sought greater cooperation by the Singapore government with rights holders to provide access to the evidence necessary to support possible civil actions.

While a number of local educational institutions, mostly majority government-operated, have signed agreements to comply with their legal obligations to pay royalty fees to publishers, unlawful duplication of textbooks at some commercial copy centers continues. The police have conducted multiple raids, but, according to industry representatives, the practice is lucrative enough to continue despite the possibility of large fines. Book publishers have reported experiencing difficulties obtaining the necessary search warrants for these enforcement actions.

SERVICES BARRIERS

Basic Telecommunications

Facilities-based operators continue to be limited in their ability to take advantage of wholesale pricing for SingTel's ("last mile") local leased circuits. The Infocomm Development Authority of Singapore (IDA) first mandated this regulatory change in December 2003, but SingTel has repeatedly contested this directive, typically through requests for IDA to stay decisions or through appeals to the Minister for Information, Communications and the Arts (MICA). In October 2005, IDA amended SingTel's Reference Interconnection Offer to provide for a more appropriate, open-standard technical interface, a decision upheld by MICA in May 2006, following an appeal by SingTel. Although SingTel must now offer wholesale prices for local leased circuits at reduced rates ranging from 55 percent to 82 percent, U.S. industry is still unable to avail itself of this more competitive pricing structure due to certain uneconomical technical interconnection requirements imposed by SingTel.

The United States also remains concerned about the lack of transparency in some aspects of Singapore's telecommunications regulatory and rule-making process. In particular, there is no obligation to make information publicly available concerning a company's request for a stay of decision or the filing of an appeal, to request public comments about such requests, or to publish a detailed explanation concerning final decisions made by IDA or MICA.

U.S. companies continue to report concerns about a lack of access to infrastructure facilities controlled by SingTel *e.g.*, ducts under roads that could facilitate U.S. companies' ability to lay lines for competing networks.

Since January 2007, SingTel has been exempted from dominant licensee obligations for the residential and commercial portions of the retail international telephone services (ITS), based on a regulatory finding that sufficient competition in this segment now existed.

SingTel announced, in June 2006, plans to consolidate its local exchanges, but failed to provide details of specific local exchanges to be closed. This has put U.S. and other carriers' expansion plans on hold. IDA issued a decision in June 2007 that increases the notification period SingTel must provide from 6 months to 18 months. IDA has denied requests by U.S. and other companies for interconnection at a more centralized location.

The U.S. Government has discussed the range of concerns in this sector with the Singapore government and intends to continue to press Singapore to address these issues.

Audiovisual and Media Services

Singapore's local free-to-air broadcasting, cable, and newspaper sectors are effectively closed to foreign firms. Section 47 of the Broadcasting Act restricts foreign equity ownership of companies broadcasting to the Singapore domestic market to less than 49 percent, although the Act gives the Media Development Authority (MDA) the authority to waive this requirement. The Singapore government also limits individual equity stakes in broadcasting companies to no more than 5 percent of issued shares.

MediaCorp TV is the only free-to-air television broadcaster. It is 80 percent owned by the government and 20 percent by publicly listed Singapore Press Holdings (SPH). Under MDA rules, MediaCorp TV must outsource at least 285 hours of local content production to independent television production companies per year. The incumbent subscription television provider, StarHub Cable Vision (SCV), is a 100 percent owned subsidiary of StarHub Ltd., a publicly-listed company. SingTel entered the subscription television market in January 2007. Free-to-air radio broadcasters are mainly government-owned, with MediaCorp Radio Singapore being the largest operator. BBC World Service is the only foreign free-to-air broadcaster in Singapore. Singapore restricts the use of satellite dishes and has not authorized direct-to-home satellite television services. MDA must license the installation and operation of broadcast-receiving equipment, including satellite dishes. Satellite broadcasters that want to operate their own uplink facility must get a special license from MDA. Satellite broadcasters lacking their own facility are restricted to using one of four available uplink facilities.

Distribution, importation, or possession of any "offshore" or foreign newspaper must be approved by the government. Singapore significantly restricts freedom of the press, having curtailed or banned the circulation of some foreign publications. The Singapore government has also "gazetted" foreign newspapers *i.e.*, numerically limited their circulation. Singapore's leaders have threatened foreign publishers with defamation suits for perceived slights, often resulting in the foreign publishers issuing apologies and paying damages.

Legal Services

U.S. and other foreign law firms with offices in Singapore face certain restrictions. They cannot practice Singapore law, employ Singapore lawyers to practice Singapore law, or litigate in local courts. Since June 2004, U.S. and other foreign lawyers have been allowed to represent parties in arbitration in

Singapore without the need for a Singapore attorney to be present. U.S. law firms can provide legal services with respect to Singapore law only through a Joint Law Venture (JLV) or a Formal Law Alliance (FLA) with a Singapore law firm, subject to the Guidelines for Registration of Foreign Lawyers in Joint Law Ventures to Practice Singapore Law. Singapore relaxed one of these guidelines for U.S. law firms under the FTA. Since July 2007, foreign attorneys have been allowed to own equity in JLVs up to a maximum of 25 percent of total shares.

Except for law degrees from designated U.S., Australian, New Zealand, and British universities, no foreign university law degrees are recognized for the purpose of admission to practice law in Singapore. Under the FTA, Singapore has recognized law degrees from Harvard University, Columbia University, New York University, and the University of Michigan.

To address a perceived shortage of practicing lawyers, Singapore relaxed its criteria for admission of attorneys to the Singapore Bar, effective October 2006. One of the new criteria will admit to the Bar Singapore-citizen or permanent-resident law school graduates of the above-mentioned designated universities who were ranked among the top 70 percent of their graduating class or have obtained lower-second class honors (under the British system). As of July 2007, the government allows highly skilled foreign lawyers meeting certain criteria to practice Singapore corporate, finance, and banking law.

Banking

Retail Banking: Singapore maintains legal distinctions between offshore and domestic banking units and the type of license held (full, wholesale, or offshore). Except in retail banking, Singapore laws do not distinguish operationally between foreign and domestic banks.

Singapore has granted 6 “qualifying full bank” (QFB) and 24 full service licenses to foreign banks, including one U.S. QFB and four U.S. full service banks. Since January 2006 under the FTA, U.S. licensed full service banks and QFBs are able to operate at an unlimited number of locations (branches or off-premises ATMs). Non-U.S. full service foreign banks have been allowed to operate since January 2005 at up to 25 locations. These full service banks can freely relocate existing branches and share ATMs among themselves. They also can provide electronic funds transfer, point-of-sale debit, and Central Provident Fund (Singapore’s compulsory pension fund) related services.

However, holders of cards issued locally by foreign banks or financial institutions cannot access their accounts through the local ATM networks. They are also unable to access their accounts for cash withdrawals, transfers or bill payments at ATMs operated by banks other than those within their own bank or at foreign banks’ shared ATM networks.

Regarding Singapore’s credit bureau system, the Minister of Finance must provide specific types of approval for acquisitions of 5 percent, 12 percent, or 20 percent or more of the voting shares of a local bank. Although it has lifted the formal ceilings on foreign ownership of local banks and finance companies, the Singapore government has indicated that it will not allow a foreign takeover of its three major local financial institutions. While foreign penetration of the Singapore banking system is comparatively high, with foreign banks holding about 40 percent of nonbank deposits, the government has stated publicly that it wants local banks’ share of total resident deposits to remain above 50 percent.

Restricted and Offshore Banking: The Monetary Authority of Singapore (MAS) has issued 25 new wholesale bank licenses since 2001 as part of its liberalization program. MAS continues to upgrade certain existing offshore banks to wholesale bank status. New foreign bank entrants are also eligible to apply for wholesale banking licenses. Unless otherwise approved by MAS, wholesale banks can operate in only one location.

Energy

Singapore implemented the Gas (Amendment) Act in June 2007 to facilitate competition and move towards a fully liberalized energy market, in part, by opening access to gas pipeline infrastructure. However, at least one U.S. company has encountered difficulties in its access bid due to lengthy delays in the review of its application by the Energy Market Authority. To date, no nonincumbent operators have been able to secure access to the Singapore section of the existing Sumatra-Singapore pipeline.

OTHER BARRIERS

Competition

The FTA contains specific conduct guarantees to ensure that commercial enterprises in which the Singapore government has effective influence will operate on the basis of commercial considerations and will not discriminate in their treatment of U.S. firms. In accordance with its FTA commitments, Singapore enacted the Competition Act in 2004. Phase I established the Competition Commission of Singapore in January 2005. Phase II involved the implementation of provisions on anticompetitive agreements, decisions and practices, abuse of dominance, enforcement, and the appeals process, which came into effect in 2006. Phase III provisions pertaining to mergers and acquisitions came into effect in July 2007. The government's initial decisions under the Competition Act have focused primarily on services, including exemptions for the aviation sector.

The FTA includes obligations for greater transparency among government enterprises with substantial revenues or assets. Singapore has an extensive network of government linked corporations that are active in many sectors of the economy. Some sectors, notably telecommunications, power generation/distribution, media, and financial services are subject to sector specific regulatory bodies and competition regulations typically less rigorous than those being implemented under the Competition Act.

U.S. industry has expressed concerns about the lack of adequate trade secrets protections under Singapore law that would provide specific legal protections for commercially sensitive proprietary information.