From Third World to the First – Singapore Economic Development Strategy

Contents

• The Singapore Economy
  – History
  – Structure
  – Principles
  – Strategies
• The Financial Crisis
The Singapore Economy

History

1965 – 1978: Export Oriented Industrialisation
Opened economy to foreign investors (EDB)
Better labour management & infrastructure (NTUC, JTC)
1979 – 1985: Industrial Restructuring
High-wage policy; Manpower development; Automation promoted

1986 – 1997: Capability Building & Diversification
National technology plans ($6b); Cluster development (chemicals, electronics); Economic diversification – services; Regionalisation – industrial & business parks
1998 onwards: Towards a Knowledge-Based Economy

Today
Our per capita income is amongst the highest in Asia and the world
Beyond 2010

Wealth is Health?

GDP per capita is correlated to a number of health indicators
Wealth is Health?
GDP per capita is correlated to a number of health indicators

Building a better life
GDP per capita is correlated to indicators on our physical environment
Building a better life

GDP per capita is correlated to indicators on our physical environment

The Singapore Economy

Structure
A Small & Open Economy
Our share of global & regional GDP is small, and external demand has a large share of our GDP.
A Diversified Economy

By sectoral output; manufacturing still plays a big role in the economy. The share of services has grown due to infocomms, financial services, and wholesale & retail trade.

**Share of GDP by Sector, 2000**

- **Business Svcs, 12%**
- **Other Svcs, 10%**
- **Ownership of Dwellings, 4%**
- **Manufacturing, 26%**
- **Construction, 5.6%**
- **Wholesale & Retail, 13%**
- **Utilities, 1.7%**
- **Other Goods Industries, 0.1%**

**Share of GDP by Sector, 2008**

- **Other Svcs, 9.5%**
- **Manufacturing, 25%**
- **Construction, 4.2%**
- **Utilities, 1.7%**
- **Other Goods Industries, 0.1%**
- **Wholesale & Retail, 16%**

---

A Diversified Economy

Sectors cannot be considered in isolation.

- **Transport & Storage**
  - Ships and stores inputs from other sources in the global/regional production chain.

- **Financial Services**
  - Provides credit for trade financing, as well as working capital for firms’ operations.

- **Business Services**
  - Legal, accountancy, real estate, etc. services.

- **Wholesale Trade**
  - Breaks down imported shipments to smaller units for manufacturers.

- **Manufacturing**
  - Convert raw materials/intermediate inputs into final/intermediate products.

- **Wholesale Trade**
  - To export to plants/final consumers in other countries.

- **Retail Trade**
  - For final domestic demand.
A Diversified Economy

In terms of export destinations:

- China: 8.5%
- Japan: 5.3%
- HK: 9.1%
- ASEAN: 26%
- EU-27: 14.1%
- U.S.: 11.4%
- ASEAN: 26%

Share of Singapore’s Domestic Exports, 2007

The Singapore Economy

Principles & Strategies
Three Economic Principles

- Market-based Approach
- Outward Orientation
- Prudent Macroeconomic Policies

S’pore bureaucracy most biz-friendly in Asia

Business executives see Singapore as Asia’s least bureaucratic place in which to operate, with one of the best banking and financial systems in the region, it is still looked upon as the least risky country overall in Asia, according to a survey of 13 Asia-Pacific and US economies by Political & Economic Risk Consultancy (Perc).

BT, 27/2/2007

Economic Strategies

Enhancing our competitiveness

A business-friendly environment

#1 Doing Business Indicators

17% Competitive Corporate tax rate

Reduce regulatory burden

- Pro-Enterprise Panel
- business.gov.sg
- Action Community for Entrepreneurs
Quality and Availability of Resources

**Quality Infrastructure**
- Jurong Rock Cavern
- One North
- Jurong Island

**Manpower**
- Local manpower development
- Foreign manpower
- Talent attraction

**Energy**
- Restructuring of energy markets
- Diversification
- Improve energy efficiency

---

Economic Strategies
Build New Capabilities

**Promote R&D**
- R&D spending of 3% by 2010
- Augment local & foreign talent pool
- Research infrastructure

**Education & Upgrading**
- >20% of govt operating expenditure on education & training

**Innovation & Enterprise**
- Seed high tech & innovative enterprises.
- Grow Singapore-based enterprises.
Strengthen existing clusters

**Tourism**
- Marina Bay Sands
- Resorts World at Sentosa

Each IR expected to:
- Contribute S$2.7 bil (~0.8%) to GDP
- 30,000 new jobs

**Aerospace**
- Transform Seletar Airport into a major Aerospace Park

- Contribute S$3.3 bil (~1%) to GDP
- 10,000 new jobs

**Chemicals**
- Develop Jurong Island

- Increase contribution to GDP from S$5.1 bil in 2003 to S$11.5 bil in 2015

**Offshore & Marine**
- Develop Tuas View Extension

- Increase in contribution to GDP from S$1.3 bil in 2003 to S$2.5 bil in 2015

**Precision Engineering**
- Enhance profile & address talent requirements for this key supporting industry

- Increase in contribution to GDP from S$5.6 bil in 2003 to S$9.6 bil in 2015

Grow new clusters

- **CLEAN WATER**
- **CLEAN ENERGY**
- **INTERACTIVE DIGITAL MEDIA**

2015 Targets
- S$1.7 billion VA
- 5,500 new jobs
- S$1.7 billion VA
- 7,000 new jobs
- S$10 billion VA
- 10,000 new jobs
Questions