

Foreign Equity Investment

Foreign equity investment (FEI) stock in Singapore amounted to \$462.0 billion as at end 2007, significantly higher than the \$372.4 billion recorded as at end 2006.

Table 1: Components of Foreign Equity Investment
(Stock as at Year-End)

	2006 (\$ bil)	2007 (\$ bil)	Change (%)
Total	372.4	462.0	24.1
Direct Equity Investment	336.7	420.3	24.8
Portfolio Equity Investment	35.7	41.6	16.6

Direct equity investment constituted about \$420.3 billion or 91.0 per cent of total FEI with the remaining \$41.6 billion or 9.0 per cent attributed to portfolio equity investment.

Foreign Direct Investment (FDI)

The stock of foreign direct investment (FDI) in Singapore increased by 23.4 per cent from \$370.5 billion as at end 2006 to \$457.0 billion as at end 2007.

Table 2: Components of FDI
(Stock as at Year-End)

	2006 (\$ bil)	2007 (\$ bil)	Change (%)
Total	370.5	457.0	23.4
Direct Equity Investment	336.7	420.3	24.8
Net Lending from Foreign Direct Investors	33.8	36.7	8.6

The bulk of FDI (92.0 per cent or \$420.3 billion) is attributed to direct equity investment whereas net lending from foreign

direct investors contributed the remaining \$36.7 billion.

While direct equity investment recorded robust expansion of 24.8 per cent in 2007, growth in net lending from foreign direct investors came in at a more modest 8.6 per cent.

Industrial Distribution

Singapore's FDI was mainly concentrated in the financial & insurance services (42.1 per cent or \$192.2 billion) and manufacturing (25.3 per cent or \$115.7 billion) sectors. Foreign investors also favoured the wholesale & retail trade (16.2 per cent) and transport & storage (6.5 per cent) sectors in Singapore.

Table 3: Distribution of FDI by Industry
(Stock as at Year-End)

	2006 (\$ bil)	2007 (\$ bil)	Share in 2007 (%)
Total	370.5	457.0	100.0
Manufacturing	107.8	115.7	25.3
Wholesale & Retail Trade	62.9	74.1	16.2
Hotels & Restaurants	2.8	3.0	0.7
Transport & Storage	23.2	29.9	6.5
Information & Communications	3.5	4.8	1.0
Financial & Insurance Services	146.9	192.2	42.1
Real Estate, Rental & Leasing Services	10.2	17.7	3.9
Professional & Technical, Administrative & Support Services	11.4	16.2	3.6

Investment holding companies accounted for more than four-fifths of total FDI in financial & insurance services. Banks and insurance services accounted for 5.9 per cent and 5.2 per cent of FDI in the financial & insurance services sector respectively.

Table 4: FDI in Financial & Insurance Services Sector
(Stock as at Year-End)

	2006 (\$ bil)	2007 (\$ bil)	Share in 2007 (%)
Financial & Insurance Services	146.9	192.2	100.0
Investment Holding Cos.	120.2	157.4	81.9
Banks	9.9	11.3	5.9
Insurance Services	7.0	10.1	5.2

Within the manufacturing sector, three main industries favoured by foreign investors were pharmaceutical products (\$47.4 billion), electronic products & components (\$28.2 billion) and refined petroleum products (\$14.1 billion). These three industries contributed nearly 78 per cent of total FDI in the manufacturing sector.

Table 5: FDI in Manufacturing Sector
(Stock as at Year-End)

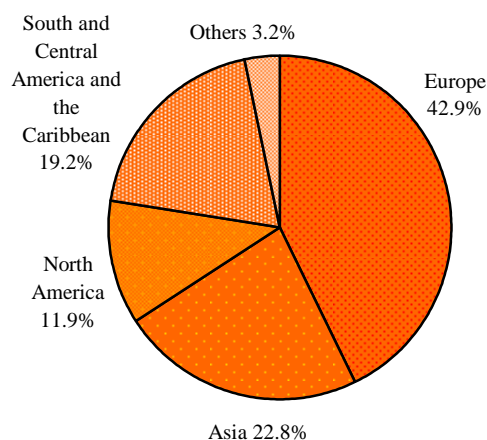
	2006 (\$ bil)	2007 (\$ bil)	Share in 2007 (%)
Manufacturing	107.8	115.7	100.0
Pharmaceutical Products	38.3	47.4	41.0
Electronic Products & Components	32.3	28.2	24.4
Refined Petroleum Products	14.3	14.1	12.2
Chemicals & Chemical Products	6.7	6.8	5.9
Machinery & Equipment	4.3	5.2	4.5

Geographical Distribution

Direct investment from Asia and Europe increased by 26.2 per cent and 12.7 per cent respectively.

Europe and Asia remained as dominant sources of Singapore’s FDI as at end 2007. About \$196.2 billion or 42.9 per cent of total investment were contributed by European investors while Asian investors accounted for about \$104.1 billion or 22.8 per cent of FDI in Singapore. South and Central America and the Caribbean (19.1 per cent) and North America (11.9 per cent) were other major sources of Singapore’s FDI.

Chart 1: Source of FDI by Region, 2007



Nearly 35 per cent of FDI from Europe was concentrated in financial & insurance services while about one-third was in manufacturing. Wholesale & retail trade (14.6 per cent) and transport & storage (7.9 per cent) sectors also drew significant European investment.

Asian investments were mainly in financial & insurance services (45.0 per cent of FDI from Asia), wholesale & retail trade (23.4 per cent) and manufacturing (15.2 per cent) sectors.

Europe

European FDI in Singapore was largely contributed by United Kingdom (32.0 per cent), Netherlands (26.3 per cent) and Switzerland (13.6 per cent). Other major investors from this region were Norway, France and Germany.

Table 6: Major Investor Countries from Europe
(Stock as at Year-End)

	2006 (\$ bil)	2007 (\$ bil)	Change (%)
Europe	174.0	196.2	12.7
United Kingdom	55.3	62.9	13.7
Netherlands	48.6	51.6	6.2
Switzerland	27.1	26.7	-1.6
Norway	15.2	17.2	12.9
France	8.1	9.9	22.8
Germany	7.6	9.2	21.6

Asia

The bulk of Singapore's FDI from Asia were attributed to Japan (44.7 per cent or \$46.5 billion), India (12.3 per cent or \$12.8 billion) and Malaysia (11.8 per cent or \$12.3 billion). Taiwan, Hong Kong and Israel were the other major Asian sources of Singapore's FDI.

FDI from India rose significantly from \$2.6 billion as at end 2006 to \$12.8 billion as at end 2007. Investment from Malaysia also increased significantly by 46.1 per cent.

Table 7: Major Investor Countries from Asia
(Stock as at Year-End)

	2006 (\$ bil)	2007 (\$ bil)	Change (%)
Asia	82.5	104.1	26.2
Japan	45.0	46.5	3.5
India	2.6	12.8	>100.0
Malaysia	8.4	12.3	46.1
Taiwan	7.5	8.0	6.3
Hong Kong	6.3	6.2	-1.7

North America

FDI from United States increased significantly from \$38.3 billion as at end 2006 to \$51.1 billion as at end 2007. American investments were mainly in financial & insurance services (49.4 per cent), manufacturing (22.2 per cent) and wholesale & retail trade (20.9 per cent) sectors.

Table 8: Major Investor Countries from North America
(Stock as at Year-End)

	2006 (\$ bil)	2007 (\$ bil)	Change (%)
North America	41.1	54.2	32.0
United States	38.3	51.1	33.2
Canada	2.7	3.1	14.2

Returns on FDI

Foreign direct investors enjoyed a higher rate of return of 19.6 per cent in 2007, compared to 17.1 per cent recorded a year ago.

Returns by Country

The returns generated by American and European investors had been higher than the returns generated by Asian investors. The returns received by American and European investors in 2007 were 28.3 per cent and 18.1 per cent respectively. The returns generated by Asian investors during the same period was 10.2 per cent.

Table 9: Return on FDI by Country

	2006 (%)	2007 (%)
Total	17.1	19.6
Asia	12.1	10.2
Japan	11.2	10.1
Malaysia	7.8	7.5
Taiwan	10.8	9.3
Hong Kong	28.6	15.9
Europe	13.9	18.1
United Kingdom	3.6	15.5
Netherlands	19.7	17.2
Switzerland	26.3	28.7
Norway	9.8	11.4
United States	30.3	28.3

Returns by Industry

Manufacturing FDI generated better returns of 30.5 per cent in 2007. Higher returns were also recorded on investment in

transport & storage (20.8 per cent), real estate, rental & leasing (24.9 per cent) and information & communications (17.8 per cent) in 2007. Investors in financial & financial services and wholesale & retail trade saw marginal dips in returns compared to a year ago.

Table 10: Return on FDI by Industry

	2006 (%)	2007 (%)
Total	17.1	19.6
Manufacturing	20.4	30.5
Pharmaceutical Products	12.6	43.0
Electronic Products & Component	26.6	16.4
Refined Petroleum Products	29.3	41.7
Wholesale & Retail Trade	26.3	25.1
Hotels & Restaurants	11.4	8.7
Transport & Storage	17.7	20.8
Information & Communications	15.1	17.8
Financial & Insurance Services	11.5	10.3
Real Estate, Rental & Leasing Services	7.4	24.9
Professional & Technical, Administrative & Support Services	16.1	16.3