

Singapore's Merchandise Trade Performance, 2003 - 2012

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Overview

Singapore's trade grew significantly over the last decade

Over the past decade, Singapore's trade rose significantly from S\$516 billion in 2003 to reach S\$985 billion in 2012 in nominal terms, achieving a compound average growth rate (CAGR) of 7.4 per cent.

Today, the value of Singapore's merchandise trade is 2.85 times its gross domestic product

(GDP). This reflects the importance of trade to Singapore's economy (Chart 1). Trade growth appears to be more volatile than GDP growth, which is not surprising given the openness of the Singapore economy.

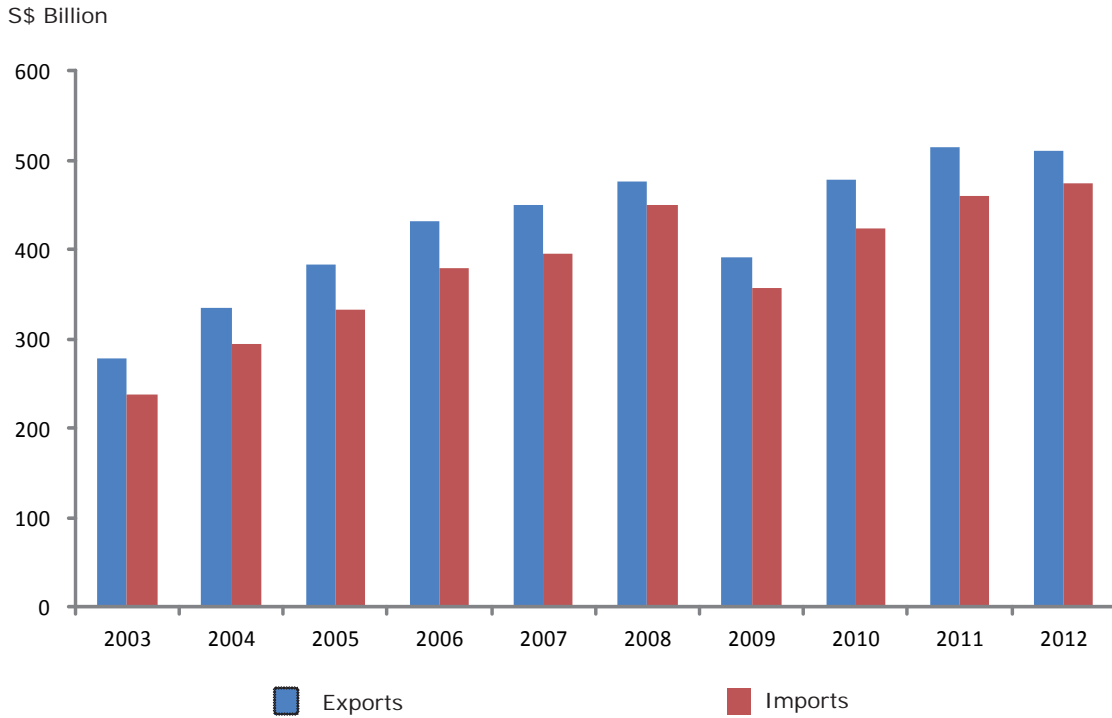
In the same period, Singapore's import growth achieved a CAGR of 8.0 per cent, outpacing its export growth which attained a CAGR of 7.0 per cent. Despite this, the percentage contribution of exports to Singapore's total trade has been consistently higher than that of imports¹ (Chart 2).

CHART 1 SINGAPORE'S MERCHANDISE TRADE AND GDP IN NOMINAL TERMS, 2003 - 2012



¹ Percentage contribution of exports to total trade declined from 54 per cent in 2003 to 52 per cent in 2012.

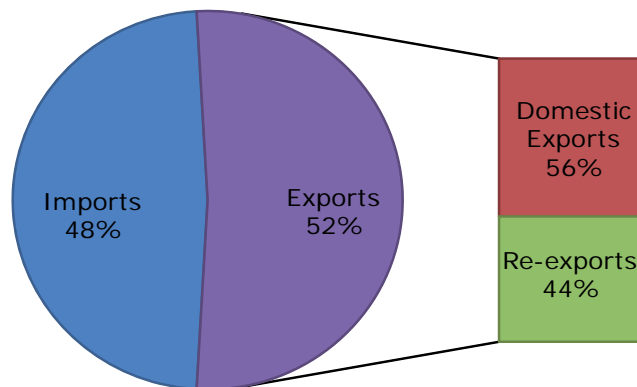
CHART 2 SINGAPORE'S MERCHANDISE EXPORTS AND IMPORTS, 2003 - 2012



Singapore's merchandise trade includes a large volume of entrepot trade with 56 per cent of exports consisting of domestic exports² while the remaining comprise re-exports³ (Chart 3). Both domestic exports and re-exports expanded significantly between 2003 and 2012. Over the last decade, domestic exports grew by a CAGR

of 7.4 per cent from S\$151 billion in 2003 to S\$285 billion in 2012. Over the same period, re-exports rose by a CAGR of 6.5 per cent from S\$128 billion to S\$225 billion. A shift in focus among the local industries to manufacturing higher value-added products contributed to the faster expansion of domestic exports.

CHART 3 COMPOSITION OF SINGAPORE'S MERCHANDISE TRADE, 2012



2 Domestic exports refer to exports of Singapore origin and comprise primary commodities grown or produced in Singapore. It also takes into account goods which have been manufactured, assembled or processed in Singapore, including those with imported materials or parts.

3 Re-exports comprise all goods which are exported from Singapore in the same form as they have been imported without any transformation. Re-packing, splitting into lots, sorting or grading, marking and the like are not considered as undergoing the process of transformation.

Product Mix

Petroleum oils and pharmaceutical products contributed to the rise in Singapore's trade

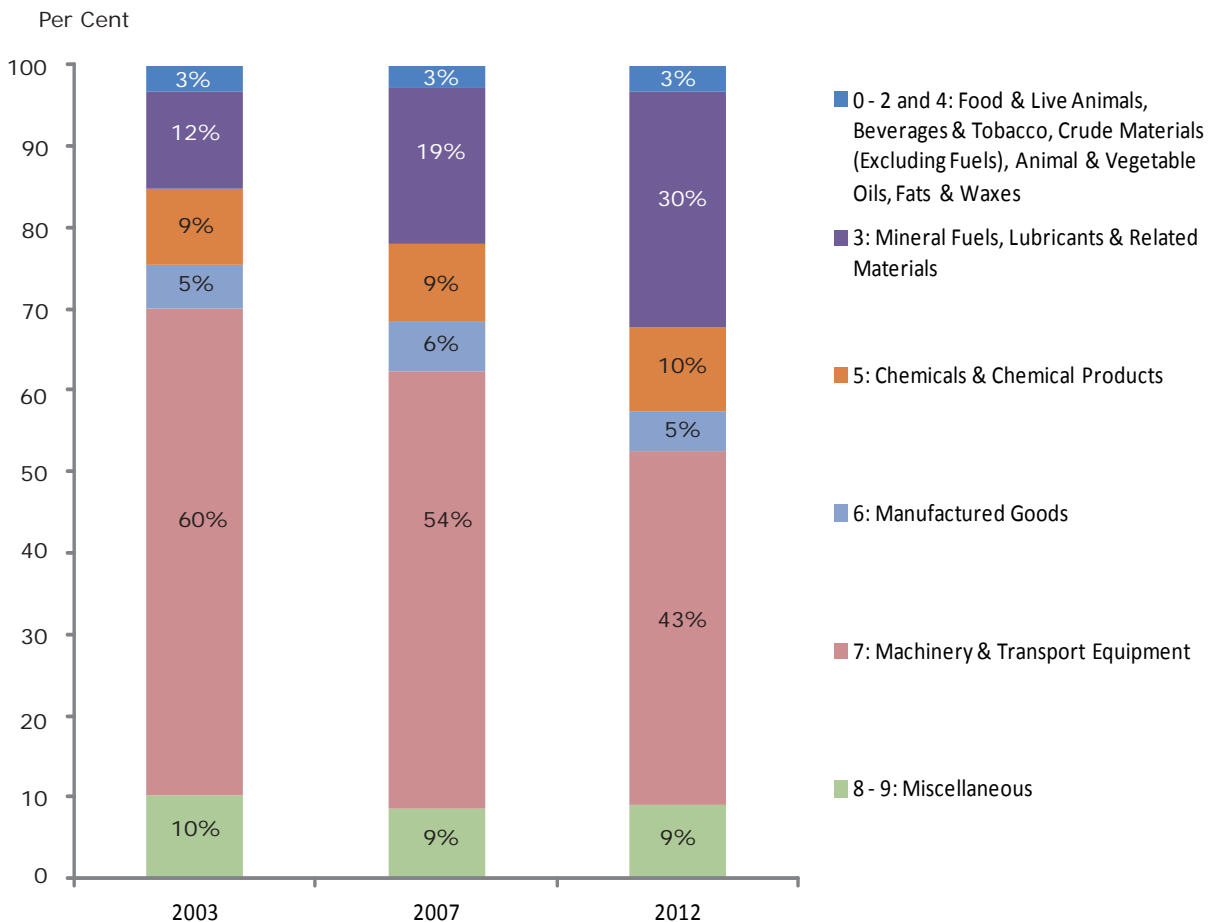
The shift in focus for the manufacturing sector is also reflected in the changing composition of Singapore's traded products at the 1-digit level of the Standard Industrial Trade Classification (SITC).

Machinery & Transport Equipment dominated Singapore's merchandise trade in 2003 with a share of 60 per cent (Chart 4).

In 2012, the share decreased to 43 per cent. In comparison, the shares of Mineral Fuels, Lubricants & Related Materials and Chemical & Chemical Products grew.

An increase in trade in petroleum oils (SITC 333 & 334) led the expansion in the share of Mineral Fuels, Lubricants & Related Materials which grew from S\$61 billion in 2003 to reach S\$274 billion in 2012. The main contributor to the increase in the share of Chemical & Chemical Products was a rise in trade in pharmaceutical products which grew from S\$16 billion in 2003 to S\$33 billion in 2012.

CHART 4 PRODUCT MIX OF SINGAPORE'S MERCHANDISE TRADE (AT SITC 1-DIGIT LEVEL), 2003 - 2012



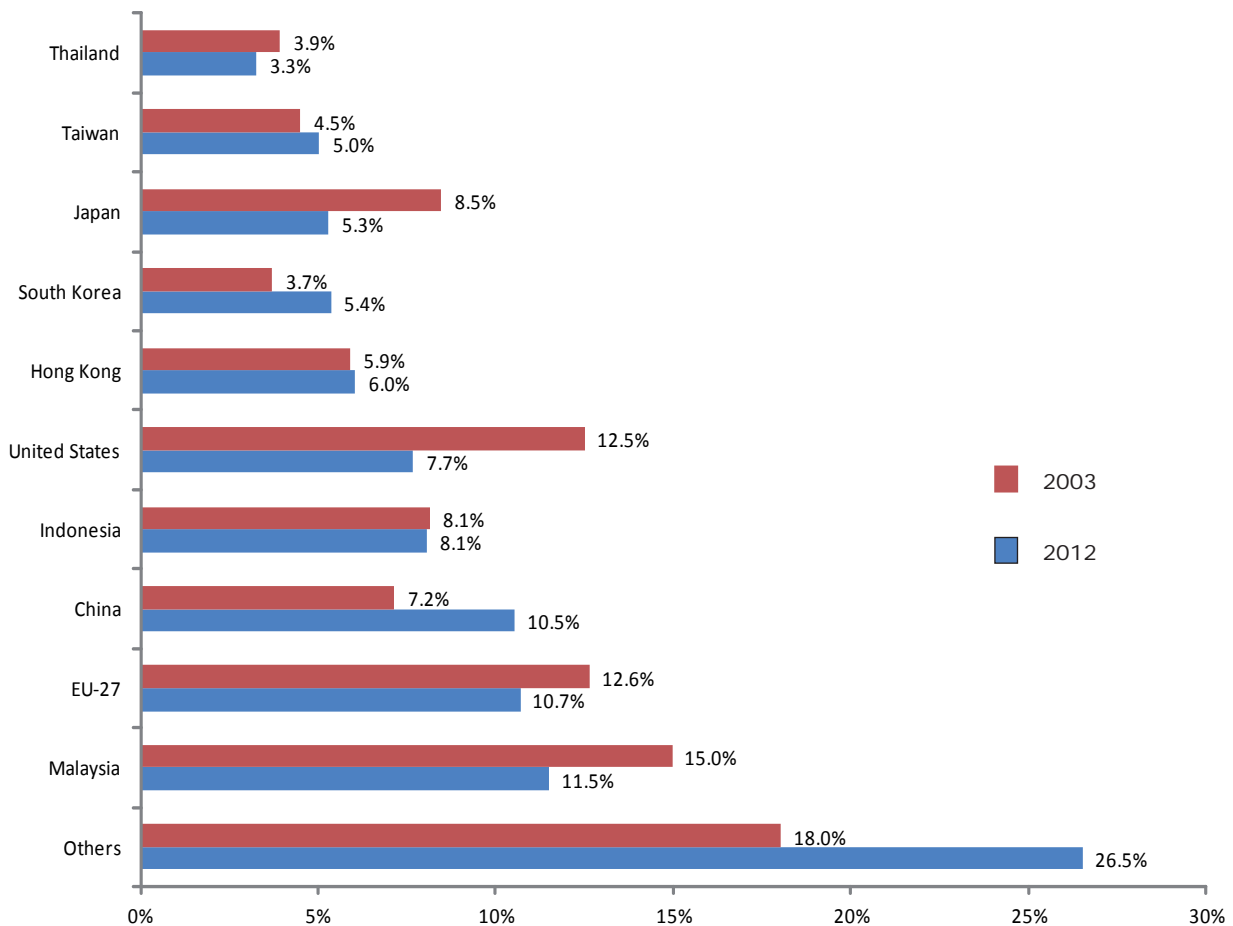
Trading Partner Profile

Emerging markets, especially China, were the largest drivers of Singapore's trade

The profile of Singapore's top 10 trading partners has seen some significant changes over the past decade. The shares of the EU-27 and the US in Singapore's merchandise trade declined from 25 per cent

in 2003 to 18 per cent in 2012 (Chart 5). This was unsurprising as the weak performance of the EU and US economies in recent years contributed towards the decline of Singapore's merchandise trade with them. Over the same period, Malaysia's share of trade with Singapore contracted by 3.5 percentage points while China's share of trade with Singapore rose 3.4 percentage points.

CHART 5 PERCENTAGE SHARE CONTRIBUTION OF TOP 10 TRADING PARTNERS, 2003 & 2012



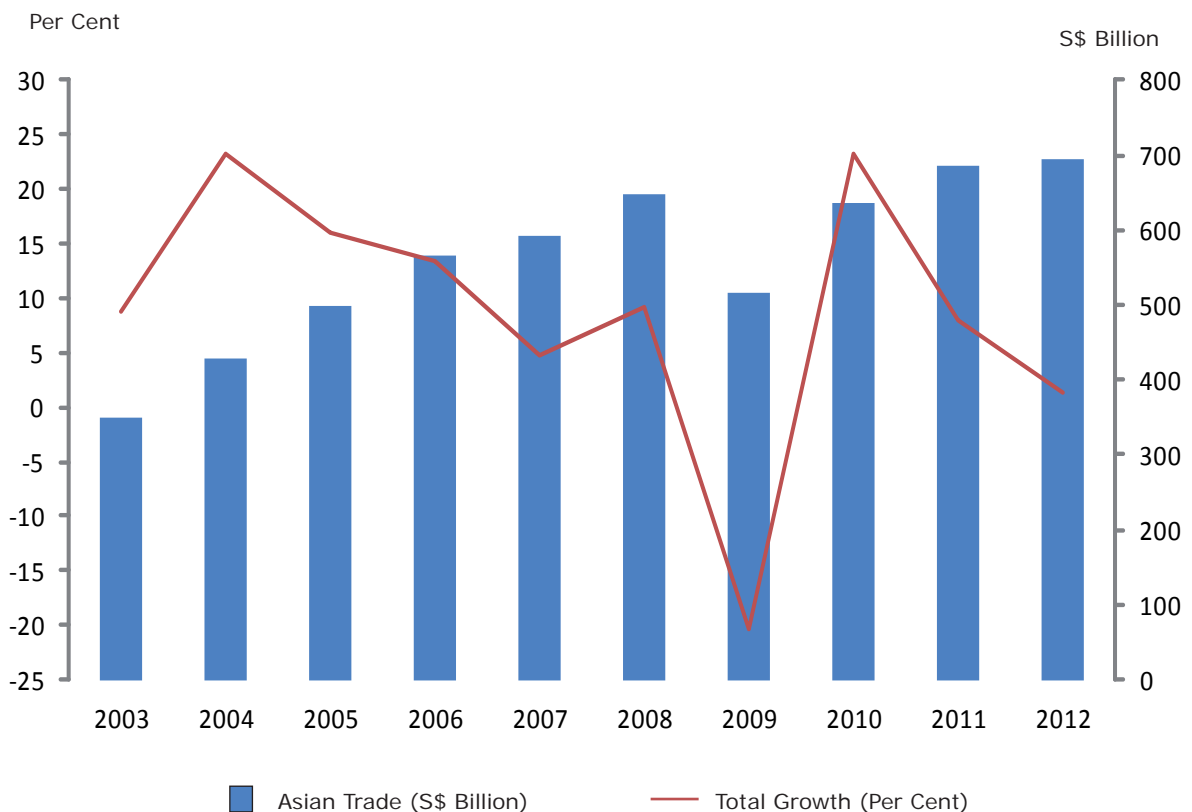
The percentage share contribution of Singapore’s top 10 trading partners to total trade shrunk from 82 per cent in 2003 to 73 per cent in 2012, whereas the percentage share contribution of other countries expanded from 18 per cent to 27 per cent over the same period.

Due to globalisation, trade with both our regional trading partners and non-traditional markets such as the United Arab

Emirates, Saudi Arabia and Panama, has increased steadily over the years.

Singapore’s merchandise trade with Asian countries grew two-fold from S\$349 billion in 2003 to S\$694 billion in 2012, underscoring the importance of regional trade (Chart 6). This was boosted particularly by the rise in Singapore’s trade with China. Asian trade dominated Singapore’s total trade with a market share of 70 per cent.

CHART 6 SINGAPORE’S MERCHANDISE TRADE WITH ASIA, 2003 - 2012



Similarly, Singapore’s trade with other ASEAN countries expanded from S\$159 billion in 2003 to S\$262 billion in 2012 (Chart 7).

Trade with ASEAN countries represented 27 per cent of Singapore’s total trade in 2012, reflecting the close-knit relationship between Singapore and other ASEAN member countries.

In particular, the increase in trade with Indonesia and Vietnam contributed to the

growth in Singapore’s trade with other ASEAN countries over the past decade.

Concluding Remarks

The last decade saw a surge in the growth of Singapore’s merchandise trade, especially with its regional trading partners. With the increased economic activities of the emerging markets, Singapore’s merchandise trade will likely witness even more changes in the composition of product mix and trading partner profile over the next few years.

CHART 7 SINGAPORE’S MERCHANDISE TRADE WITH ASEAN, 2003 - 2012

